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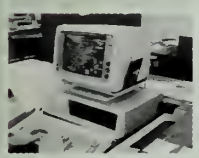
1987 Annual Report

U.S. GOVERNMENT PRINTING OFFICE



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Public Printer's Message

Ralph E. Kennickell, Jr.
Public Printer

It would not be overdramatic to say that fiscal 1987 was a watershed year for the Government Printing Office. Financially speaking, it was our best year ever; technologically, we began a reequipping process and expansion of services unprecedented in our history; to ensure our continued success, we built upon the complete turnaround in customer relations begun two years ago; and, in terms of human development, we committed ourselves to ambitious training and literacy programs.

When I say "best year ever," I mean that 1987 was remarkable for financial successes across the board. In-house printing showed a net income of $6.7 million; purchased printing contributed another $4.8 million in net income; and the publications sales program netted over $11.4 million. Taken together, our total net income of $22.9 million eclipses last year's figure by $14.1 million, an increase of 158 percent. In addition, our need for appropriated funds for salaries and expenses under the bylaw and depository library distribution and cataloging programs declined by $1.8 million. Although this improved financial picture can be partly attributed to the lifting of Gramm-Rudman restrictions, it is, in the main, a direct reflection of the improved attitude of our workforce, a workforce that believes in being demand-driven and service-oriented, men and women who are committed to working smarter and harder to reach a common goal.

Fiscal 1987 was a watershed year for the Government Printing Office.

GPO's management is similarly committed to giving those workers the best equipment and the most advanced technology possible to accomplish their duties. As detailed elsewhere in this report, such innovations as on-line or "dial-up" composition, a bid information list for our contractors, and software for access and retrieval of the *Congressional Record* data base represent current application of state-of-the-art technologies. We are also reequipping our plant with the modern machinery needed to meet the ever-growing challenges posed by our mission. A new five-color postal card press and microprocessor-controlled cut/pack system and a highly automated binding line for U.S. Passports were installed this year; these units should be joined next year by two new high-speed offset web presses that will replace our aging *Congressional Record* presses. Our ultimate goal is to have machines that are faster, more flexible, and capable of higher quality products.

We could not have attained such financial heights without the commitment of our customers.

We could not have attained such financial heights nor had the impetus to re-equip without the commitment of our customers. One of our greatest accomplishments has been to change our attitudes toward our customers as well as ourselves, thereby gaining their trust and confidence. Ours is no longer a relationship based on dictatorial powers, but one firmly founded in the importance of communication, in a spirit of cooperation, and in recognizing that we need one another. We are committed to expanding our services and to treating our customers as customers in the best sense of the word, and they have responded to that commitment with appreciation and a new interdependence.

We are also committed to human development in some very important areas. First, the initial phase of development has begun to create a Federal Publishing Institute. This concept will evolve into a tool to help our customers upgrade the skills of their printing and publishing personnel and be a common ground for discussing mutual problems, coping with the application and management of

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emerging technologies, and pooling our resources to meet the future of the Federal information industry together. The groundwork is being laid for this effort through contacts with industry and intergovernmental groups and extensive research. The first phase should be well underway by late in fiscal year 1988.

Freedom cannot hope to exist in an illiterate society.

Second, we are taking a leadership role in the war on illiteracy in America. It is sad to reflect during the Bicentennial of the United States Constitution that many Americans cannot read, much less understand, this sacred document. We have joined with the Library of Congress in supporting the Presidential proclamation and Congressional resolution declaring 1987 "The Year of the Reader," and we are fully supporting the Federal Employee Literacy Training (FELT) program as well as other literacy programs. In addition, we are planning to sponsor a symposium on the economic impact of illiteracy on the print media in order to provide a neutral ground for the industry to discuss this vital issue. It is intolerable that an ever-expanding explosion of information is being directed at an increasingly illiterate population, for freedom cannot hope to exist in an illiterate society.

We are also committed to the improvement of communications among government printers around the world. The pressures of technological change and fiscal constraints are leading government printers to view the problems they face as common to all, and to look to each other for guidance and assistance in overcoming them. To that end, GPO will host the International Government Printers' Conference in June 1988. The Conference will provide delegates with a forum for the presentation of technical papers, discussion of the formation of a permanent International Government Printers' Association, an opportunity to gain information on GPO's International Exchange Visitor Program, and a chance to visit and review GPO's production, procurement, and distribution operations. It is our hope that Conference attendees will be able to gain new insights into current government printing issues in an environment which promotes the free exchange of information, ideas, opinions, experience, and expertise with professional colleagues and expert practitioners. We must recognize that, as the information industry expands explosively, the world, in essence, shrinks; that we are as much a part of the world community as we are of our immediate surroundings.

As the information industry expands explosively, the world, in essence, shrinks.

GPO's transformation as an agency has been dramatic. We are on the best financial footing in our history, we stand on the leading edge of applied technology, and we enjoy a remarkable relationship with our customers. With this success comes the serious responsibility to serve in a leadership role in the information industry. Therefore, as we enter this era of challenge and uncertainty, we confidently offer GPO as a catalyst, ready to facilitate the examination and advancement of the information needs of the Federal community, the Nation, and the world.

Ralph E. Kennickell, Jr.
Public Printer

Deputy Public Printer's Message

Joseph E. Jenifer
Deputy Public Printer

Fiscal year 1987 was not only the most successful year in GPO's history, but it was one in which stock could be taken of how well we were doing our job. Looking only at the "bottom line" can cause an organization to lose sight of how it arrived at its success. To that end, we realized that, in order to become a truly service-oriented agency, certain organizational changes had to be made, changes which had a fundamental impact on the way we deal with our customers and with one another.

First, the position of Assistant Public Printer for Operations and Procurement was created, bringing together the Production and Printing Procurement Departments along with other vital support functions. This made it possible for GPO's printing and binding operations, representing nearly 90 percent of GPO's revenue, to work as a single unit to fulfill our customers' needs. Dividends have already been seen in terms of improved communications and a more streamlined decisionmaking process.

The second change involved service to Congress, our primary customer. In order to obviate potential problems in our second- and third-shift in-plant operations, which produce Congressional work almost exclusively, the position of Assistant Public Printer for Night Operations was established. This elevation to APP status marks the first time in GPO's history that such emphasis has been placed on our night operations and reflects our commitment to service and the importance we place upon maintaining our excellent relationship with the Congress.

The effort to improve our operations and communications, both internal and external, is a recurring theme throughout the accomplishments of the various organizations within GPO in fiscal year 1987. The transition has truly been made to a demand-driven, service-oriented agency, one that can meet the challenges of new technologies and rapid change in stride.

Customer Service Staff

The Customer Service Staff, which coordinates all aspects of the printing, binding, and distribution requirements of the Congress and Federal agencies, made substantial contributions to our record of achievement this year. Meetings with such groups as the Federal Publishers Committee and the Interagency Council on Printing and Publications Services, as well as the presentation of the well-regarded Printing Assistant Training Program, have been seized as opportunities to make customers aware of not only the services available through GPO but of the new attitude of cooperation as well.

The Departmental Account Representative Division continued to expand its customer outreach efforts, participating in over 600 meetings with agency representatives and making more than 150 visits to customers' facilities to discuss their publications programs. An important innovation was the establishment of an Electronic Publishing Section, which will help customer agencies in the identification and fulfillment of their needs in that burgeoning area; staffing is expected to be complete by early 1988.

Our Congressional Printing Management Division also made significant gains in expanding and improving services to our Capitol Hill customers. The Division coordinated the expansion of on-line or "dial-up" composition to eight Congressional offices in conjunction with the Graphic Systems Development Division. The number of incomplete Congressional Records produced dropped dramatically, and an overall improvement in turnaround time on Congressional work has met with great appreciation.

Through the full cooperation and input from the Production Planning Division, the Production Estimating and Planning System (PEPS) was completely revised, resulting in a more sophisticated and accurate scheduling and estimating program. The commercial binding contract, which allows fuller utilization of GPO's press capacity, saw a 31-percent decrease in jobs placed but a 5-percent increase in dollar volume. Savings accrued through suggested specification changes exceeded $120,000.

The Division of Typography and Design continued to play a leadership role in Federal graphic design, experiencing significant increases in its most important and technical workload areas. Of particular interest was the design of the "We the People" Commemorative Calendar for the Bicentennial of the U.S. Constitution. The demand for audio-visual and videotape productions remained at a high level, and approval was obtained for installation of a perrmanent projection system in the Carl Hayden Room and for construction of a soundproof recording and editing studio.

Office of the Inspector General

The role of the Office of the Inspector General (OIG) is to identify problems and weaknesses and prevent fraud, waste, and abuse. During fiscal year 1987, the Office of Audits (OA) issued 40 reports which assisted GPO managers to reduce costs, improve operations and strengthen internal controls against fraud, waste, and abuse. Implementation of OA recommendations resulted in management commitments to avoid costs or more effectively use resources in excess of $14.3 million. In addition, contractor claims audits resulted in claims reductions of approximately $2.4 million.

The Office of Investigations (OI) conducted a total of 50 investigations including 37 full-scope criminal, 11 noncriminal, and 2 proactive investigations. The OI issued 17 reports during the fiscal year. Due to fraud investigations of five New York City area contractors, the GPO was awarded $32,000 from fines and $565,300 in court-imposed restitution resulting from criminal prosecution. In addition to the fines and restitution, four company officials were convicted, four companies debarred and one company suspended. Civil litigation resulted in a monetary fine of $125,000 being awarded to GPO.

Office of Public Affairs

Among the more significant special activities supported by the Public Affairs staff during the fiscal year were those held in commemoration of the bicentennial of the Constitution of the United States. Input to the Bicentennial Commission itself, in the form of presentations at meetings and information as requested, was significant. The office also carried out the necessary provisions to allow 300 GPO employees to attend Citizenship Day activities on The Mall.

A new function added to the Public Affairs responsibility during fiscal year 1987 was the creation of a video coaching program for GPO executives. With the assistance of additional Public Affairs staff members, many of the Office's top officials received the training designed to enhance and improve their public communications skills.

Another activity of the Public Affairs staff was an open house ceremony marking the unveiling of GPO's new passport and postal card production operations, which was attended by nearly 100 guests and representatives of the media.

For the second year in a row, the Public Affairs office coordinated the distribution of the Budget of the United States, including making all provisions for GPO to host the accompanying press conference. Coordination activities for the 1988 International Government Printers' Conference were begun with a response card and conference prospectus mailed to each potential attendee during the fiscal year. Media coverage and awards recognition for the Adopt-A-Family aspect of the Community Outreach Program were highly favorable; GPO honored those from the Metropolitan Police Department who assisted in setting up the program.

Operations

Production Department

The Assistant Public Printer (Operations and Procurement) and the Assistant Public Printer (Night Operations) are responsible for all pre-press, press, and binding operations at GPO's central office printing plant, as well as for the provision of quality control and related technical assistance to all GPO production and procurement operations.

GPO's central office printing plant primarily serves the short-turnaround printing requirements of the U.S. Congress. It is located four blocks north of the U.S. Capitol and employs nearly 2,100 production personnel to provide a full line of printing, binding, and related products and services to the Federal community. Last year, GPO's central office in-plant operations produced a net income of $7.7 million. Major congressional products include the *Congressional Record,* bills, resolutions, amendments, reports, and hearings.

The Electronic Photocomposition Division (EPD) continues to successfully meet the needs of Congress by accomplishing the typesetting of the *Congressional Record,* hearings, calendars, reports, and other documents required by the legislative process. The *Federal Register* remains constant as one of our major daily accomplishments; the number of pages of *Register* produced last year grew over previous years. The introduction of laser scanners as a method of data capture has enhanced our mode of operation, while improving the product quality. It is estimated that 50 percent of *Federal Register* manuscript is captured in this manner.

Graphic Systems Development Division (GSDD) has been able to introduce new features into the production environment this year, including development of an automated change page feature integrated into the Automated Composition System. In the coming year, the Applications Section will be expanded into two sections: one to support the agencies producing work through the conventional in-house GPO system and the other to support the agencies producing work remotely, through either the dial-up system or the PC-based composition system.

On-line or "Dial-up" Composition Service

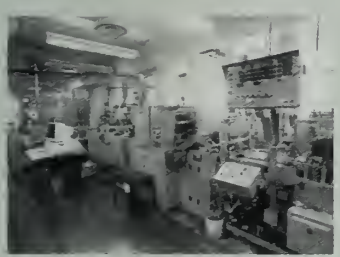
The Government Printing Office has developed an on-line, or "dial-up," composition service which gives its customers access to the full power of GPO's composition system in their own offices. Using this system, keystrokes are captured by the customer on a microcomputer and transmitted to GPO over ordinary telephone lines. They are automatically composed, returned to the originator, and printed out in proof form on a non-impact printer.

The system allows the user to maintain complete control over content, format, and data base maintenance, and speeds up the production cycle for initial proofs from a week or more to as little as an hour or two, depending on the size of the document. It provides the user with a logically-structured data base that can be used in many other applications, including indexing, extracting, and data retrieval, and it gives the user access to the full range of GPO's typefaces and formats.

A demonstration room has been established to allow customers to see the system at work. New customers participating in the system telecommunicate data to this room and their work is processed through it for a period of time so that the Applications Specialists can provide full training and support.

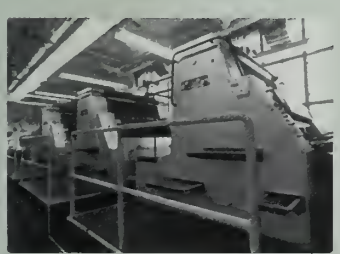
Specific goals of the Press Division are to continue to attack the problems of waste reduction, overruns, underruns, shortages, stock control, plate remakes, and spoilages, in a combined effort to reduce operating costs resulting from these problems. The modernization and/or equipment overhaul in most sections of the division will continue in order to keep in step with the automation taking place throughout the industry. The Offset Press Section continues to operate its training program, earmarked to promote workers from within the GPO to journeyman pressmen, assistants, and feeder operators. In addition, the new postal card section is in full operation.

The Binding Division's proposed 3-year modernization plan is now in the third year. Equipment replacement will continue until all outdated equipment has been replaced. Plans for workforce consolidation and some unit relocations are underway. Twenty-one bookbinder trainees entered our program during the past year. As of September 30, 1987, eight employees had successfully completed the training. Additional trainees will be assigned to the program as necessary, depending upon the division's staffing levels and workload requirements.



Installation of the new automated United States Passport production line was completed in December 1986. Cover material and text were available in January 1987, and the equipment began to run on live work. A number of major problems were encountered and resolved with major production increases being made in July and August 1987. During the month of August, production exceeded 90,000 books per week.

New Equipment for Producing Postal Cards and Passports



The United States Passport is perhaps the most important high-quality security product of the Government Printing Office. The previous passport binding process was a highly labor-intensive operation; by contrast, GPO's new UP205 automated passport binding machine is designed to produce 4,200 passports an hour with minimal manual intervention. This system, which gives GPO the capacity to produce 7 million passports each year, represents state-of-the-art electronic technology, offers a greater number of security features, and produces a higher quality product with lower production costs than previous methods.

GPO also produces over 500 million postal cards each year for the U.S. Postal Service. GPO's new postal card press is a sheet-fed, five-color unit capable of printing 10,000 impressions, or 800,000 cards, per hour. All functions are controlled from a computer console; settings for each inking unit are made from this station and can be stored on a tape cassette for later recall. The 34-ton press is virtually vibration-free.

Skids of printed sheets of postal cards are transported from the delivery unit to the new UST-12 cut and pack system. This completely automated, computer-controlled machine, installation of which was completed in December 1986, is capable of cutting and packing 6,000 sheets, or 480,000 postal cards, every hour. Its ingenious design incorporates several 90 degree turns in the production cycle that were necessitated by the logistics of the building in which it was installed.

The workload in the Electronic Systems Development Division (ESDD) is expected to increase over the next several years. Unlike previous years, when most new equipment was installed within the GPO main plant, the trend for the next few years will be the installation of equipment serviced by GPO at various sites where data bases are captured. Non-impact printers and text editing systems will communicate with GPO for the purpose of transferring data files for composition and transmittal of copy files to these printers for proofing purposes. Corrected files will then be forwarded by the optimum method for final typesetting and printing. This expansion will require maintenance over a much wider area than now covered.

Quality Control and Technical Department

The Quality Control and Technical Department develops, coordinates, and monitors quality systems for products produced and procured by GPO. These systems encompass specifications and standards, inspection and sampling, process controls, quality audits, mathematical studies, and analysis and management reports.

During the past 12 months, Quality Control personnel tested 10,213 material samples against applicable specifications and responded to 8,242 requests to resolve technical and quality problems. The Department manufactured 260,845 pounds of ink, produced 143,359 pounds of adhesive, handled 1,280 press rollers, recovered 7,946 troy ounces of silver, $38,202 worth of scrap film and recycled approximately $4,800 worth of waste ink.

Of significance to the Federal community and the graphic arts industry at large, quality attribute development projects have achieved benchmark goals, and paper and material specifications have been developed in unprecedented numbers to support both Operation and Procurement needs and timetables.

Engineering Service

Engineering Service provided enhanced support to the agency in the traditional areas of building maintenance, building renovation, and equipment installation and servicing. For example, the Inspector General's office project on the fifth floor was completed. The cafeteria project, a major renovation to correct health code violations, and the adjacent seventh floor stairwell is nearing completion. Representatives of the JCP have visited the site to observe project progression.

The Service installed a new cutting and packing machine in the Postal Card Section at a cost of $68,000. In addition to the above, a major renovation was also carried out in GPO Building 4, in preparation for the International Government Printers' Conference scheduled to take place in 1988. This project included repairs to the HVAC systems, constructing new offices, and remodeling of the lobby and security areas.

Procurement

The Assistant Public Printer (Operations and Procurement) is responsible for the purchasing of the Government's printing and binding requirements from commercial contractors and for the acquisition and management of all materials, supplies, paper, and equipment used by the Office.

Printing Procurement Department

In fulfilling the information needs of the Federal establishment, GPO adheres to the Governmentwide policy of utilizing private sector contractors to the maximum possible extent to obtain products and services at the most competitive prices. Reflecting this policy, about 74 percent of GPO's total fiscal year 1987 printing and binding revenue came from work contracted to commercial printers.

Printing Procurement continued to exemplify the GPO motto "demand-driven, service-oriented" by being responsive to both customer agencies and contractors. During fiscal year 1987, more impossible schedules were met than at any time in recent history. A pilot program was implemented to provide a Bid Information Center (BIC) that allows contractors to access our specifications via telecommunications using their personal computers. Enhancements to the Procurement Information Control System (PICS) has reduced inputting errors on print orders making the verifications of vouchers and payment to contractors faster. This allows GPO to take full advantage of payment discounts and reduces contractor complaints concerning slow payment.

Computerized Bid Information Center for Contractors

In an effort to transmit specification information to contractors more quickly, GPO's Printing Procurement Department has expanded its efforts to inform printing contractors of bidding opportunities by establishing an electronic bulletin board system. Called the Bid Information Center (BIC), this system marks the first electronic data link between GPO and its contractors.

Using this pilot system, printing contractors can access specification information on any major jobs; small-purchase contracts, or those valued at under $10,000, will be included in the next phase of the system. BIC provides a brief synopsis of all formally advertised printing jobs available for bid as well as actual award information. Participants can have GPO's mainframe computer search its data base for jobs based on type of product, timeframe, GPO office (including the Central Office in Washington, DC, and all 19 regional and satellite offices), or any combination of these criteria. In addition to helping increase the volume of bidding, and, therefore, the amount of competition on GPO work, Public Printer Kennickell said of the system, "In the future, this link may open the door to electronic mailing of specifications, receipt of bids, exchange of compliance information, and many other exciting possibilities."

BIC can be accessed using a wide variety of computer terminals, personal computers, and related software, keeping initial start-up costs low. Contractor response has been very positive; by the end of fiscal year 1987, 46 contractors had subscribed to the system, which carries a quarterly participation fee of $100. The system also received favorable attention in the editor's column of the June 1987 issue of Printing Impressions *magazine under the heading, "Your Computer as a Money Maker."*

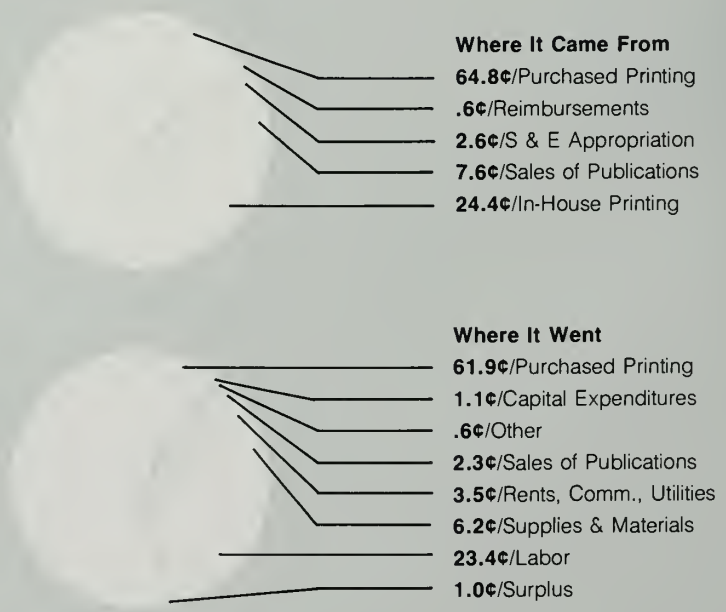
The increased workload and revenue in the Printing Procurement Department was a major improvement over 1986. An overall increase of 4 percent in workload generated $591.8 million in revenue, an increase of 5 percent over fiscal year 1986. The increase was due mainly to the purchase of new tax forms mandated by the new tax laws that took effect in calendar year 1987.

Computers continue to be a valuable operating tool for Printing Procurement. The main operating system, System 36, has been upgraded to increase memory and provide the capability to increase the hard disk storage. The system is currently used to develop specifications, abstract bids, type letters, create bid lists and many other functions, including the ability to separate reliable from unreliable contractors in the categories of responsibility and quality.

Materials Management Service

By continuing to implement the use of computers for recordkeeping, the operating divisions within Materials Management Service (MMS) are doing their job more efficiently and effectively than in the past, saving both time and money for the GPO. The purging of over 800 seldom-used items from the inventory records; the accuracy rate in locating paper in stores (over 99 percent accuracy rate); and significant dollar savings due to better accountability of paper assets are a few examples of efficiency directly attributed to the use of computers. One item of particular significance is an on-line automated Postal Card System developed by GPO to ensure that every post office in the United States has the proper supply of postal cards. This system was adopted as the official distribution system by the U.S. Postal Service.

GPO's 1986 Revenue Dollar



Superintendent of Documents

The Assistant Public Printer (Superintendent of Documents) is responsible for a broad range of Government information dissemination programs and services through the sale of Government publications, the compilation of catalogs and indexes of Government publications, the distribution of publications to depository libraries as required by law, and reimbursable mailings. Funding for these programs was provided through $73.4 million in publication sales, $19.9 million from the Superintendent of Documents salaries and expenses appropriation, and $4.9 million from other Government agencies for reimbursable distribution services.

Marketing

In fiscal year 1987, the Office of Marketing further refined and expanded its efforts to improve public awareness of and access to Government information. During the fiscal year, 650,000 "U.S. Government Books" catalogs were produced, an increase of 212,000 over the previous year. Much of the increase was due to the debut of new radio and television Public Service Announcements, which have been widely broadcast on all four TV networks and on hundreds of independent TV and radio stations. An arrangement with the Internal Revenue Service resulted in the distribution of 1.2 million catalog request cards through IRS regional offices and a consequent distribution of approximately 140,000 catalogs. The bimonthly *New Books* list was redesigned to enhance its value as a promotional tool. Numerous direct mail flyers produced by Marketing were mailed to hundreds of thousands of potential customers.

Public Service Announcements on Television

During fiscal year 1987, the Superintendent of Documents' Office of Marketing oversaw the production and distribution of television Public Service Announcements (PSAs) promoting GPO's free U.S. Government Books *catalog of new and popular publications sold by the Superintendent of Documents. The new PSAs, the first ever produced commercially for GPO, have appeared on all four major television networks and on hundreds of individual stations across the nation.*

A contract for the PSAs was procured through Materials Management Service, and Marketing worked closely with the contractor to develop appropriate PSA concepts. After careful review, two concepts were selected: the humorous "Confused Agent," an encounter between bumbling spies; and "Spokesman," featuring Public Printer Kennickell. Scripts for 60-, 30-, 20-, and 10-second spots were then developed by the contractor and edited by Marketing.

The U.S. Capitol and portions of GPO's physical plant were used as "stage sets" for filming the PSAs. GPO's bindery, Main Bookstore, and Building 4 warehouse area were all used as locations for the new spots. "Confused Agent" was completed during an all-night filming session in Building 4; the next day, the U.S. Capitol, the bindery, and the Main Bookstore served in turn as backdrops for the Public Printer's "Spokesman" spot. GPO employees in all areas were extremely supportive during the various phases of this unusual project.

After completion and final editing, videocassettes of the PSAs were distributed to television networks and stations accompanied by a letter explaining their purpose and a copy of the U.S. Government Books *catalog. Their broad acceptance by the media and the public is reflected by an increase of more than 200,000 catalogs distributed in fiscal year 1987.*

Marketing continued to develop sales promotions in cooperation with publishing agencies and maintained a close and ongoing liaison with agency publishers throughout the Federal Government. Bookstore marketing highlights included the production of flyers for distribution in Government bookstores, direct mail letters to specific audiences in selected bookstore cities, and the development of signage and display racks for promotional materials.

Other marketing activities supporting the publications sales program included an extensive program of exhibits at conventions, meetings, and conferences, and the production of special bookmarks and notepads to mark the Bicentennial of the United States Constitution.

Marketing efforts on behalf of the Federal Depository Library program included the development of a poster explaining the Superintendent of Documents classification system for publications, the production of a poster promoting map depository libraries in cooperation with the U.S. Geological Survey, and the circulation of four portable display units promoting the availability of Government information in libraries. Special exhibit collections of books related to the Bicentennial of the Constitution began circulating in the library community. Marketing also continued to distribute large quantities of Depository Library brochures and bookmarks to depository libraries.

Document Sales Service

Fiscal year 1987 was the best year for the Sales Program since it was placed in the position of being self-sustaining by the Congress in 1978. Revenue was up substantially over fiscal year 1986. Publication orders were up as well as subscription service line items ordered. The positive financial position is allowing the reduction in prices of approximately 80 percent of our subscription services. Publication prices are expected to remain stable for the next 2 years, assuming the number of copies sold remains around the 26 million level as it has for the past 2 years and costs can be kept in line. Postage, however, is the biggest unknown in this scenario.

Order processing times at the Central Office were generally well within industry standards and within Office goals. At the last order processing time study, single line item "express processing" type orders were being placed in the mail stream in 6.2 working days. Orders for more than one line item where the books were in stock and the money was correct or a deposit account or credit card was used, were going in the mail in 9.4 working days. Subscription orders were generally being entered into the Mail List System in an average of 10 working days. Documents Sales Service is now developing its third generation of automated systems to improve timeliness further and add new controls and reference capabilities.

The Bookstore Program has become totally self-sustaining and plans are being made to expand the bookstore program substantially over the next eight years. Birmingham and Farragut West stores were relocated to new sites and plans have begun to relocate the Houston and Pittsburgh stores. In addition, work has begun to open new stores in Portland, Indianapolis and Minneapolis in fiscal year 1988.

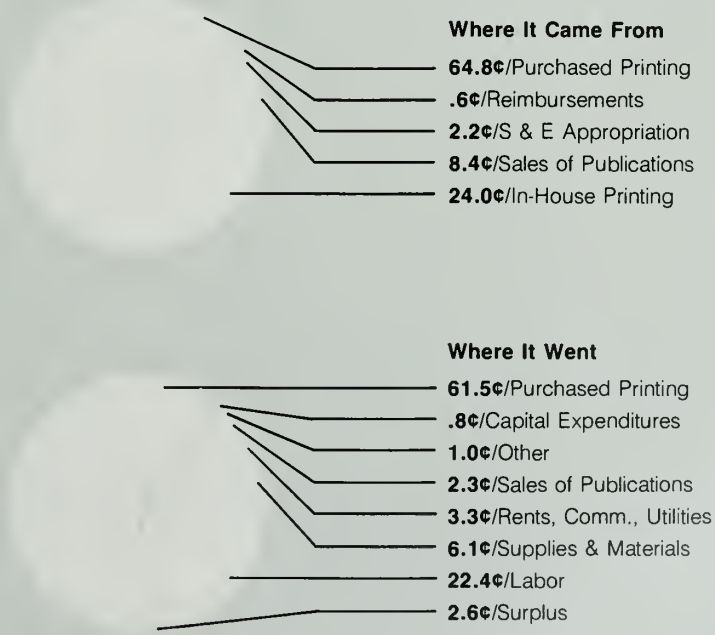
In response to the Resolution of the Joint Committee on Printing, the sale of publications in electronic format was begun by the Document Sales Service, Office of the Superintendent of Documents. A letter was sent to former and prospective customers on July 1 and a news release was prepared which announced the availability of both individual publications and subscriptions on magnetic tape and provided general pricing information. Initial subscription sales have been of the *Daily Bills, Congressional Record,* and the *Federal Register.* Single tape sales have been made of publications such as various titles of the *Code of Federal Regulations, Public Laws,* the *Government Manual, Congressional Directory, Statistical Abstract,* and issues of the *Federal Register.*

The Internal Revenue Service project was a success; about 70,000 orders from tax practitioners were processed, yielding revenue of $2.8 million against expenses of $1.5 million. The program has been expanded for tax year 1987.

Library Programs Service

The Library Programs Service commenced planning for the dissemination of Government publications to depository libraries in electronic formats. All hard-copy *Monthly Catalog* issues, including the 1987 *Periodicals Supplement* and various indexes, were produced and distributed on or ahead of schedule throughout fiscal year 1987. Fifteen percent fewer publication copies were distributed to depository libraries during fiscal year 1987, as compared with the previous fiscal year. This was largely due to year-long problems with the microfiche contractor, and, to a lesser extent, due to a dropoff in the number of items received for distribution.

GPO's 1987 Revenue Dollar



Administration

The Assistant Public Printer (Administration) is responsible for a full range of information management, financial management, security, and support services which provide complete administrative assistance to the operations of the GPO.

Financial Management Service

The Financial Management Service (FMS) provided improved services at reduced costs through increased automation, improved productivity, and by focusing on management needs for improved financial information.

To assure that GPO rates are properly recovering costs and reflect the impact of new processes and equipment, analyses were conducted and new scales of prices were developed for the Central Office and the Rapid Response Center. New rates were established for postal cards produced on a new five-color press and processed on a new cut-and-pack system; for the new Passport Production Line, and the selling of magnetic tapes to the public. A publication, "Simplified Scale for Printing and Binding Books and Pamphlets," was updated and provided to agencies by the Customer Service Staff to provide our customers with a basis for estimating the cost of printing. Special studies of operating costs were conducted, such as an analysis of work flow and processes used for distribution of publications to depository libraries.

Cash management was substantially improved in 1987, through improved automation and closer monitoring of balances and trends. Management reports were developed on micro-computers. The automatic billing system, which was implemented in fiscal year 1986, processed $222 million in billings in fiscal year 1987, an increase of 68 percent over fiscal year 1986. FMS streamlined Department of the Army billings by transmitting them on computer tape in lieu of paper invoices. Billing procedures were revised to implement the change in International Exchange Program funding effective in fiscal year 1987, whereby costs are charged to the Salaries and Expenses Appropriation rather than the originating agency.

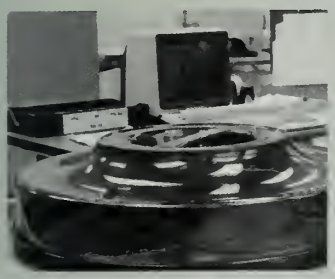
Information Resources Management

The Office of Information Resources Management (OIRM) provides a full-range of automated computing services for the U.S. Government Printing Office. This includes maintenance of a GPO-Wide Data Automation Plan; the design, development or procurement of approved systems and programs; and, the procurement and maintenance of equipment facilities for the efficient operation of these systems.

Fiscal year 1987 was a year of transition and accomplishment for the OIRM. A GPO-Wide Data Automation Plan was prepared, providing a strategy for meeting the GPO's future computing services requirements and a preliminary working calendar for implementing these requirements. With the re-establishment of the GPO ADP Steering Committee, and the Data Automation Plan and its continuing planning process, a foundation has been built for the efficient planning, selection, and implementation of information resources at the GPO.

Significant efforts were initiated during this fiscal year to procure and install a *Congressional Record* Full-Text Search and Retrieval System at the GPO.

Electronic Access for the *Congressional Record*



In January of 1986, GPO was directed by the Joint Committee on Printing to develop a system for electronic access and retrieval of the Congressional Record. *After conferring with industry experts, a request for proposal was issued in November 1986 stating the specific requirements for the system; a contract was awarded in June to Data Retrieval Corporation for the necessary software, which was delivered on September 28, 1987.*

GPO's Office of Information Resources Management (OIRM) formulated the specific requirements to be met by the contractor. For example, the data base will be cumulative for each Congress; the Record *is printed daily when Congress is in session and averages about 31,168 pages per year. In addition, the entire data base, including Senate and House Proceedings, Extensions of Remarks, the Daily Digest, and the Congressional Record Index will be in an on-line mode for efficient and effective retrieval.*

"User-friendliness" is the key to many of the requirements set out by OIRM. The system will provide for searching by key word or phrase, by a cross reference Thesaurus, and by alphabetic "browsing." The user will also be able to page through the Record *and* Daily Digest *in the exact paging order as the printed version; cumulative daily indexing will also be available.*

In keeping with GPO's philosophy on full-text data base development, the system will facilitate the publishing through GPO of secondary printed products based on the individual needs of Members of Congress, Committees, and other Congressional offices. The system will also allow for the incorporation of Congressional Record *text excerpts by authorized Congressional offices into secondary data bases.*

Enhancements were also made to the Executive Information System as well as to other major administrative ADP systems. As in the past, major OIRM resources were applied to Public Documents programs. The first phase of the IRS Order Fulfillment System was implemented. This system handles the data entry and order processing of IRS publications for tax practitioners. An estimated 85,000 orders are anticipated for this tax year.

The Production and Procurement areas were provided with new systems and enhancements to better enable them to meet the mission requirements of the Federal Printing Program. The new online Automated Postal Card System was put into production in July, replacing a 12-year old batch system. This system keeps track of postal card requisitions for post offices throughout the United States, and of consolidated shipments of postal cards based on destination points.

Security and Support Services

Fiscal year 1987 was also a productive year for Security and Support Services. Physical Security responsibilities increased as a result of new passport and postal card production security requirements. The procurement of new security equipment and the introduction of new physical security measures contributed to Security Service's ability to meet the challenges of an increased terrorist threat. Support Services continued to automate the administrative functions of the Office as well as to make economic changes to better serve the information and support needs of GPO management and employees.

Human Resources

The Assistant Public Printer (Human Resources) is responsible for all personnel, labor-management relations, equal employment opportunity, and employee safety matters at GPO. This area includes the Policy and Evaluation Staff, Personnel Service, Labor and Employee Relations Service, Equal Employment Opportunity Service, and Occupational Health and Environmental Services.

Throughout fiscal year 1987, the Labor Relations Branch, Labor and Employee Relations Service, conducted negotiations with the Joint Council of Unions on a new master agreement covering 13 bargaining units. The parties worked on new policies and procedures involving leave including a new type of leave to be called parental leave. New policies were also agreed upon in the areas of performance appraisal, corrective actions and union representation.

In fiscal year 1987, there was a revived interest in apprentice training programs throughout the GPO. The decision was made to hire apprentices in the occupations of carpenter, electrician, machinist, painter, pipefitter, offset press feeder, bookbinder, and stationary engineer. In addition, a team of GPO employees visited the New Zealand Government Printing Office to study their Modular Apprentice Training program. Personnel is presently evaluating the program for application in the GPO.

Extensive recruitment efforts were undertaken in a number of areas to fill certain hard-to-fill vacancies. Paid advertisements were used and recruitment brochures were developed, printed and distributed. A major effort also went into providing information to employees concerning the new Federal Employees' Retirement System (FERS).

A new automated classification system has been developed and is presently being tested. Text was prepared and put into a data base for two occupational series—the GG-525 Accounting Technician series and GG-1102 Contracting series. Modifications and enhancements to the system are on-going.

Equal Employment Opportunity Service staff members participated in on-site program reviews at GPO installations in Dallas, Denver, Pueblo, Atlanta, Boston, New York, and Philadelphia. The reviews included: assessment of implementation of EEO procedures, deficiencies, recommending corrective measures and providing technical assistance.

The GPO Affirmative Action Plan and the Accomplishment Report of Affirmative Action for Minorities and Women covering fiscal year 1987 were submitted to the Equal Employment Opportunity Commission during the first quarter of the fiscal year.

The Employee and Organizational Assistance Branch, Occupational Health and Environmental Services, conducted a number of surveys in an effort to improve the health and welfare of the workforce. Surveys were conducted of the workforce to solicit opinions regarding a potential smoking policy in the Central Office, and the quality of health services being made available to employees in the field.

The Safety Branch initiated a new safety and health inspection data base during the fourth quarter of fiscal year 1987 and provided oversight for the installation of the new fire alarm, detection and communication system.

Financial Highlights

Title 44 of the U.S. Code requires the U.S. Government Printing Office (GPO) to fulfill the printing and binding needs of the Federal Government and to distribute Government publications to the general public. GPO's printing and binding operations are accomplished through a central printing plant located at Washington, DC; 6 smaller regional printing plants; and the procurement of printing and binding through the central office, 14 regional offices, and 6 smaller satellite offices. Superintendent of Documents operations include the sale of publications, distribution to depository libraries, reimbursable and statutory distribution, and the cataloging and indexing of all Government documents.

All GPO activities are financed through a revolving fund, which is reimbursed by payments from customer agencies, sales made to the general public, and transfers from various appropriations. GPO's consolidated financial statements also include the activities and fund balances of the Congressional Printing and Binding and the Printing and Binding appropriations. These annual appropriations are used to reimburse GPO for costs incurred in performing printing and binding for the Congress and for the printing, binding, and distribution of Government publications authorized to be distributed without charge to recipients designated by law. Reimbursements from the appropriations are included in GPO's total printing and binding revenue.

Results of GPO Operations

GPO achieved a consolidated net income for fiscal year 1987 of $22.9 million, compared to $8.8 million for fiscal year 1986. Total consolidated revenue increased by $45 million in 1987 to $871 million, while total expenses also increased by $31 million to a balance of $848 million. The increase in expenses was mainly generated by the increased dollar volume in procured printing. For the sixth consecutive year, GPO's Sales of Publications Program continued to produce a healthy net income, more than doubling last year's $5.5 million figure.

Printing and Binding Operations

In fiscal year 1987 GPO's in-house and commercially procured products generated a revenue of $804.5 million, which is 89 percent of total GPO revenue. Revenue from commercially procured printing was $592 million, representing about 74 percent of the total dollar volume for printing and binding work.

In-House Printing Operations

GPO's in-house printing operations earned $6.7 million in net income this year compared to a net income of only $179,000 for 1986. Total revenue was $212.7 million compared to $205.5 million last year, while expenses amounted to $206 million against $205.3 million in 1986.

Central Office and Regional Printing Procurement Operations

GPO's printing procurement operations experienced solid gains in procured printing during 1987. Total revenue was $591.8 million, an increase of $28.9 million or 5 percent over 1986, resulting in a net income of $4.8 million.

Consolidated Balance Sheet

As of September 30, 1987, and 1986 (Notes 1 and 2) (in thousands of dollars)

Assets	1987	1986
Current Assets:		
Cash		
On-hand and in-transit	$1,860	$1,370
Revolving Fund	94,564	100,336
Appropriations	46,271	49,539
Accounts receivable (Note 3)	236,186	202,593
Inventories:		
Publications for sale, net (Note 4)	12,214	11,664
Paper	12,415	12,590
Materials and supplies	8,430	8,314
Total Current Assets	**$411,940**	**$386,406**
Property, Plant, and Equipment (Note 5):		
Land and buildings	18,648	18,648
Equipment and building improvements	107,761	101,965
	126,409	120,613
Less: accumulated depreciation	70,348	65,174
Net Property, Plant, and Equipment	56,061	55,439
Total Assets	**$468,001**	**$441,845**

The accompanying notes are an integral part of these financial statements.

Liabilities and Investment	1987	1986
Current Liabilities:		
Accounts payable (Note 6)	$87,697	$80,084
Advances from customers (Note 7)	35,115	35,492
Accrued salaries, wages, benefits and other withholdings	10,038	9,370
State and local payroll taxes	821	771
Total Current Liabilities	**$133,671**	**$125,717**
Other Liabilities:		
Accrued annual leave	9,004	8,659
Excess receipts from sales of publications, due U.S. Treasury (Note 8)	11,424	5,516
Total Other Liabilities	**$20,428**	**$14,175**
Total Liabilities	**$154,099**	**$139,892**
Investment of U.S. Government:		
Appropriations:		
Unliquidated obligations	45,525	48,884
Revolving Fund:		
Contributed capital (Note 9)	110,413	110,679
Retained earnings (Note 10)	152,464	141,012
Reserved for intra-office funding (Note 8)	5,500	1,378
Total Revolving Fund	**$268,377**	**$253,069**
Total Investment	**$313,902**	**$301,953**
Total Liabilities and Investment	**$468,001**	**$441,845**

Consolidated Statement of Revenue and Expenses by Function and Retained Earnings

Fiscal Years 1987 and 1986 (Notes 1 and 2) (in thousands of dollars)

	Printing and Binding (Note 11)		
	In-House Printing	Purchased Printing	Total
Revenue:			
Printing and Binding	$212,718	$591,804	$804,522
Sales of Publications	–	–	–
Appropriations	–	–	–
Reimbursements	–	–	–
Total Revenue	**$212,718**	**$591,804**	**$804,522**
Expenses:			
Personnel compensation and benefits	$137,888	$26,725	$164,613
Travel and transportation	430	1,624	2,054
Rents, communications and utilities	10,826	2,739	13,565
Printing and reproduction	–	552,657	552,657
Other services	2,511	1,246	3,757
Supplies and materials	49,307	1,387	50,694
Depreciation	5,060	670	5,730
Publications sold	–	–	–
Unsaleable publications	–	–	–
Total Expenses	**$206,022**	**$587,048**	**$793,070**
Net Income	**$6,696**	**$4,756**	**$11,452**
Retained Earnings, Beginning of Fiscal Year			
Retained earnings before payable to U.S. Treasury			
Less:			
Excess receipts from current sales of publications, due U.S.Treasury			
Retained Earnings, End of Fiscal Year			

The accompanying notes are an integral part of these financial statements.

Information Dissemination				Total GPO	
Sales of Publi-cations	Salaries and Expenses	Total	Eliminations	1987	1986
–	–	–	($31,825)	$772,697	$736,637
$73,448	–	$73,448	–	73,448	62,850
–	$19,942	19,942	(372)	19,570	21,505
–	4,931	4,931	–	4,931	4,806
$73,448	**$24,873**	**$98,321**	**($32,197)**	**$870,646**	**$825,798**
$23,943	$9,529	$33,472	($2,807)	$195,278	$194,261
1,002	250	1,252	–	3,306	2,901
11,698	3,819	15,517	(597)	28,485	28,597
1,407	9,348	10,755	(28,098)	535,314	511,132
1,815	807	2,622	(478)	5,901	4,276
1,959	876	2,835	(217)	53,312	51,087
122	244	366	–	6,096	6,013
17,343	–	17,343	–	17,343	15,899
2,751	–	2,751	–	2,751	2,786
$62,040	**$24,873**	**$86,913**	**($32,197)**	**$847,786**	**$816,952**
$11,408		**$11,408**		**$22,860**	**$8,846**
				$141,012	**$137,682**
				$163,872	$146,528
				11,408	5,516
				$152,464	**$141,012**

Consolidated Statement of Changes in Financial Position

Fiscal Years Ended September 30, 1987, and 1986 (Notes 1 and 2)
(in thousands of dollars)

	1987	1986
Funds Provided:		
Net Income	$22,860	$8,846
Add expenses not requiring working capital:		
Depreciation	6,096	6,013
Total Funds Provided by Operations	28,956	14,859
Book value of retired assets	46	29
Appropriations	95,085	103,941
Reimbursements	4,931	4,806
Increase in accrued annual leave	345	306
Total Funds Provided	**$129,363**	**$123,941**
Funds Applied:		
Purchase of fixed assets	7,030	8,977
Funds returned to U.S. Treasury:		
From appropriations	8,758	23,546
Public Law 99-177 reductions	—	4,469
Printing and Binding	71,110	68,025
Obligated appropriations (Note 12)	24,885	26,659
Total Funds Applied	**$111,783**	**$131,676**
Increase (Decrease) in Working Capital	**$17,580**	**($7,735)**
Changes in Working Capital		
Current Assets:		
Cash:		
On-hand and in-transit	$490	$110
Revolving Fund	(5,772)	42,701
Appropriations	(3,268)	(23,318)
Accounts receivable	33,593	(27,176)
Publications for sale	550	666
Paper	(175)	465
Materials and supplies	116	357
Current Liabilities:		
Accounts payable	(7,613)	(1,513)
Advances from customers	377	851
Accrued salaries, wages, benefits and other withholdings	(668)	(876)
State and local payroll taxes	(50)	(2)
Increase (Decrease) in Working Capital	**$17,580**	**($7,735)**

The accompanying notes are an integral part of these financial statements.

Status of Appropriated Funds

Fiscal Years Ended September 30, 1987, and 1986 (Notes 1 and 2)
(in thousands of dollars)

	Congressional Printing and Binding	Printing and Binding	Salaries and Expenses	Total Appropriated Funds	
				1987	1986
Status of Appropriations, Beginning of Fiscal Year	**$31,454**	**$2,428**	**$15,657**	**$49,539**	**$72,857**
Funds Provided:					
Initial Appropriations	62,000	10,700	22,385	95,085	103,941
Intra-Office Funding	—	—	1,378	1,378	3,000
Reimbursements	—	—	4,931	4,931	4,806
Total Funds Provided	**$93,454**	**$13,128**	**$44,351**	**$150,993**	**$184,604**
Funds Applied:					
Printing and Binding	62,445	8,620	—	71,065	78,058
Obligated appropriations	—	—	24,839	24,839	28,992
Funds returned to U.S. Treasury	4,708	142	3,908	8,758	23,546
Public Law 99-177 reductions	—	—	—	—	4,469
Total Funds Applied	**$67,153**	**$8,762**	**$28,747**	**$104,662**	**$135,065**
Status of Appropriations, End of Fiscal Year	**$26,301**	**$4,366**	**$15,604**	**$46,271**	**$49,539**

The accompanying notes are an integral part of these financial statements.

Notes to Financial Statements*

(1) Organization

The Government Printing Office provides printing, binding, and distribution services to the Congress and Federal agencies and distributes publications to the public. Title 44 of the U.S. Code established the Government Printing Office Revolving Fund to finance these operations. The Revolving Fund is reimbursed by payments from agencies, receipts from sales of publications, and by transfers from the Congressional Printing and Binding and Printing and Binding Appropriations.

The Salaries and Expenses Appropriation is appropriated for necessary expenses incurred by the Superintendent of Documents' operations for depository library and other by-law distribution of publications, and for the cataloging and indexing of Government publications.

(2) Summary of Significant Accounting Policies

Principles of Consolidation—The consolidated financial statements include all funds of the Government Printing Office. Inter-fund and inter-operational transactions and balances have been eliminated.

Basis of Accounting—Assets, liabilities, revenue, and expenses are recognized on the accrual basis of accounting following generally accepted accounting principles and the associated principles of fund accounting.

Expense Allocations—General and administrative expenses have been distributed among the various expense categories. To the extent practicable, general and administrative expenses were allocated to the various programs based on the estimated level of effort associated with each program.

Revenue Recognition—Printing and binding revenue is recognized on the basis of work performed by the Government Printing Office due to the fact that all printing and binding work is required by law to be reimbursed on the basis of services rendered. Revenue on work procured from commercial printers is recognized on constructive date of shipment or actual date of payment, whichever occurs first. Revenue for distributing and selling publications to the public is recognized when publications have been shipped, or when services have been performed. GPO guarantees prices on a large volume of in-house work. The estimated losses, if any, on work substantially completed during the fiscal year have been recorded in the appropriate period.

Inventories—Publications for sale are valued using the weighted-average cost method, while paper, materials and supplies are valued using the moving-average cost method.

Property, Plant and Equipment—Property, plant, and equipment are carried at cost. Expenditures which substantially increase the useful life of the assets are capitalized. Maintenance and repairs are expensed as incurred. Depreciation is computed using the straight-line method with estimated useful lives ranging from 42 to 50 years for buildings and from 3 to 30 years for machinery and equipment and building improvements. Depreciation expense for machinery and equipment and building improvements is recovered from billings to customer agencies. Buildings and structures have been paid for from Legislative appropriations. Accordingly, depreciation is recorded but not reimbursed on these items.

* As of September 30, 1987, and September 30, 1986

Intra-Office Funding—Salaries and Expenses Appropriation was funded in part by excess receipts derived from sales of publications. In Fiscal Year 1987, this type of funding provided $1,378,000 to the Appropriation. For Fiscal Year 1988, the Legislative Branch Appropriation Bill (H.R. 2714), if approved, will provide the Salaries and Expenses Appropriation $5,500,000 from the sales of publications.

Balanced Budget and Emergency Deficit Control Act of 1985, Public Law 99-177—As a result of this legislation, funds were sequestered during Fiscal Year1986. For ease of presentation, reductions are referred to in the financial statements, accompanying notes, and schedules as Public Law 99-177 Reductions.

Pensions—Government Printing Office employees are covered by the Civil Service Retirement and Disability Fund, the Federal Old-Age, Survivor, and Disability Insurance Fund or the Federal Employee Retirement Fund. Consequently, the GPO is responsible for withholding the required percentage from each employee's salary and for contributing to the funds. The GPO's contributions were $11,616,000 and $11,332,000 in 1987 and 1986, respectively.

Contingencies—GPO is involved in three major lawsuits, pending in Claims Court at report date. The lawsuits stem from the termination of the contract for Program 600-S. Plaintiffs have claimed approximately $73 million plus attorney's fees and other associated costs. However, except in very narrow circumstances, once such claims enter into litigation, at either the District Court or Claims Court level, ultimate payment usually is disbursed from the judgment fund administered by the General Accounting Office.

(3) Accounts Receivable

Accounts receivable as of September 30, 1987, and 1986, is comprised of the following:

Accounts Receivable	1987	1986
Billed to Government Agencies	$52,256,000	$40,984,000
Unbilled completed work	132,404,000	118,585,000
Unbilled work in process	50,166,000	42,082,000
Other	1,360,000	942,000
Totals	**$236,186,000**	**$202,593,000**

Other accounts receivable for 1987 include non-trade promissory notes from the Refectory Cafe Limited of $151,000. At the end of the prior year, this note was $165,000.

(4) Publications for Sale, Net

Publications for sale, net as of September 30, 1987, and 1986, are comprised of the following:

	1987	1986
Publications for sale	$15,614,000	$14,759,000
Allowance for unsaleable publications	(3,400,000)	(3,095,000)
Publications for sale, net	**$12,214,000**	**$11,664,000**

(5) Property, Plant, and Equipment

Property, plant, and equipment as of September 30, 1987, and 1986, is comprised of the following:

			1987	1986
	Acquisition Value	Accumulated Depreciation	Net Book Value	Net Book Value
Land	$9,992,000	–	$9,992,000	$9,992,000
Buildings	8,656,000	$8,472,000	184,000	283,000
Building improvements	31,292,000	14,946,000	16,346,000	16,827,000
Leasehold improvements	759,000	149,000	610,000	507,000
Plant machinery and equipment	66,179,000	41,303,000	24,876,000	24,308,000
Office machinery and equipment	6,525,000	4,396,000	2,129,000	3,017,000
Computer software	309,000	261,000	48,000	86,000
Furniture and fixtures	256,000	187,000	69,000	65,000
Motor vehicles	707,000	634,000	73,000	120,000
Capital improvements in progress	1,734,000	–	1,734,000	234,000
Totals	**$126,409,000**	**$70,348,000**	**$56,061,000**	**$55,439,000**

(6) Accounts Payable

Accounts payable as of September 30, 1987, and 1986, is comprised of the following:

Accounts Payable	1987	1986
Commercial printing	$75,007,000	$69,233,000
Government	7,312,000	6,490,000
Other	5,378,000	4,361,000
Totals	**$87,697,000**	**$80,084,000**

(7) Advances from Customers

Advances from customers as of September 30, 1987, and 1986, are comprised of the following:

Advances	1987	1986
Advanced billings to customer agencies for printing services	$5,501,000	$8,125,000
Customer deposits for publications	8,148,000	7,606,000
Subscriptions, including prepaid subscription service and unearned subscription revenue	19,263,000	17,985,000
Undelivered publication orders	2,203,000	1,776,000
Totals	**$35,115,000**	**$35,492,000**

(8) Amount Due U.S. Treasury

Title 44 requires the Government Printing Office to deposit in the United States Treasury excess receipts from sales of publications. The amount due the U.S. Treasury through September 30, 1987, was determined as follows:

Amount due U.S. Treasury, September 30, 1986	$5,516,000
Amount requested to be used to finance Fiscal Year 1988 Salaries and Expenses Appropriation from intra-office funding	(5,500,000)
Fiscal Year 1987 Excess Receipts	11,408,000
Amount Due U.S. Treasury, September 30, 1987	**$11,424,000**

(9) Contributed Capital

Contributed capital as of September 30, 1987, and 1986, was derived from the following:

Contributed Capital	1987	1986
Beginning net worth when the Revolving Fund was established	$33,807,000	$33,807,000
Book value of contributed buildings and land	613,000	712,000
Appropriations for improvements to air conditioning and electrical systems	12,900,000	12,900,000
Appropriations for working capital and site acquisition	62,600,000	62,600,000
Donated equipment	493,000	660,000
Totals	**$110,413,000**	**$110,679,000**

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(10) Retained Earnings

In Fiscal Year 1986, the GPO contracted to purchase a parcel of land adjoining the Central Office complex. The amount of retained earnings still restricted by this purchase commitment is approximately $9,500,000.

(11) Printing and Binding

In-house printing and binding and purchased printing net income or loss for central and regional operations for September 30, 1987, and 1986, are as follows:

	1987	1986
In-house printing		
Central	$7,668,000	$900,000
Regional	(973,000)	(721,000)
Subtotal	6,695,000	179,000
Purchased printing		
Central	4,824,000	2,372,000
Regional	(67,000)	779,000
Subtotal	4,757,000	3,151,000
Totals	**$11,452,000**	**$3,330,000**

(12) Expended Appropriations

At September 30, 1987, and 1986, the expended appropriation for current and prior year's appropriations are as follows:

Programs	1987	1986
Depository library distribution	$15,897,000	$18,043,000
Cataloging and indexing	2,357,000	2,330,000
By-law distribution	977,000	1,105,000
International exchange	295,000	—
Distribution for other agencies	5,359,000	5,181,000
Totals	**$24,885,000**	**$26,659,000**

UNITED STATES OF AMERICA
GOVERNMENT PRINTING OFFICE

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GOVERNMENT PRINTING OFFICE ANNUAL REPORT 1988

The Evolution Continues

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Public Printer's Message

Ralph E. Kennickell, Jr.
Public Printer

I reflect with pride on the past year at the Government Printing Office, a year in which we strengthened our role as the "Nation's Printer." We continued to better our efforts in providing personal, individualized service to Congress and our customer agencies, and we became a leader and innovator in the integration of state-of-the-art electronic publishing technologies.

As the watchword for today's Federal Government continues to be economy, it is imperative that for every Government dollar spent a product or service of equal value is received. Budgetary constraints have substantially reduced the amount of money our customers can allocate for printing. Therefore, we work with our customers to evaluate their needs, render advice, suggest modifications, and monitor in-house and contractor performance to ensure maximum return on their printing dollars. Through these cost-saving efforts, the continuing modernization of our printing equipment, the integration of new technologies, and our employees striving to work smarter *and* harder, GPO continues to end each year on a firm financial basis. Fiscal year 1988 showed a consolidated net income of $15.7 million, including $7.6 million from in-house printing operations, $4.3 million from procured printing operations, and $3.8 million from sales of Government publications.

Fiscal year 1988 was also a year in which we reached out to diverse segments involved in the "information industry." In June, GPO hosted the International Government Printers' Conference. Fifty-two government printers from around the world met to exchange their opinions and share information and knowledge of new technology so vital to this industry. The largest gathering ever in attendance, this highly distinctive group took the historic step of formalizing themselves into the International Government Printers' Association, pledging in their charter's preamble to "provide a forum for the exchange of information, advice, and assistance in the resolution of problems common to the government printing industry, and to seek the improvement of government printing operations through the application of new technology, methods, and techniques."

During the last week of September, GPO hosted the 12th Annual National State Printing Association Conference. The association was formed in 1977 to provide a forum through which State printing officials could share their knowledge and expertise with peers and provide assistance to one another in solving problems relevant to the management of State printing operations. With 65 printers, representing nearly every State, the conference with its theme, "Technology and the Future of State Government Printing," brought together the largest gathering ever for the association.

Earlier in the year, GPO launched a leadership effort in the war against illiteracy in our Nation with its cosponsorship of a Symposium for the Graphic Arts Industry, "The Image of Print Media and the Problem of Functional Illiteracy in the United States." Coordinated by our Office of Innovation and Development and jointly conducted by the Academic Advisory Council of the Government

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Printing Office and the Adult Literacy Initiative of the U.S. Department of Education, the symposium stressed that literacy is a major societal issue and is crucial to the future of the printing and publishing industry. Prominent speakers included: Then Secretary of Education Dr. William J. Bennett; Congressman William Goodling; Harold W. McGraw (Chairman Emeritus of McGraw-Hill, Inc., and President of the Business Council for Effective Literacy); and Dr. David Harman (internationally renowned literacy expert and author). In a letter to symposium attendees, Mrs. Barbara Bush, wife of the Vice President of the United States, wrote:

> "The printing industry has an enormous stake in a more literate America—so much to lose as a consequence of functional illiteracy, and so much to contribute to our national movement. I offer congratulatory thanks to the U.S. Government Printing Office and the Department of Education for jointly sponsoring today's very ambitious symposium, and to the literacy experts and printing industry leaders who are joining forces in this innovative effort. This kind of cooperation is absolutely essential when it comes to working for literacy."

As a service organization, the GPO's future is dependent in large measure upon the needs and desires of our customers. The most recent years have seen a trend toward increasing requirements for even shorter schedules and more personalized service. It is imperative that the GPO continue to evolve in order to accommodate these requirements, for it is only through responsive service that GPO can fulfill its mission. As I look back over the accomplishments of the last 4 years, I feel strongly that GPO is an agency that is moving confidently toward the 21st century, able to adapt and grow, and be a leader and innovator in new publishing technologies. Even more, it is an agency where "demand-driven and service-oriented" is no longer a revolutionary credo, but a quiet, integral part of its day-to-day operations.

Ralph E. Kennickell, Jr.
Public Printer

Deputy Public Printer's Message

Joseph E. Jenifer
Deputy Public Printer

Fiscal year 1988 saw further refinement in GPO's organizational structure. The Administration and Human Resources areas were combined in January under the Assistant Public Printer (Administration and Resources Management). In addition, the position of Assistant Public Printer (Financial Policy and Planning) was established to serve as chief financial officer of the GPO and represent the agency on all financial matters. The Office of Financial Policy and Planning also serves as GPO's strategic planning center.

As part of our continuing efforts to modernize our production processes, we purchased three new drilling machines for our Binding Division, procured a new film dispenser for our Negative Section, acquired a new 70-mm projection platemaker, developed custom software, and upgraded our Atex text processing systems. We also installed two new wastepaper baling machines including a dust collection/filtration system, and a new cleaning and crushing operation for emptied drums which brought us in line with new, more stringent environmental regulations.

As GPO evolves from an ink-on-paper operation to full integration of the most sophisticated electronic publishing technologies, we are reaching out into diverse and exciting new areas. A pilot project to test the feasibility of using FM radio sidebands as an alternative method of distributing data was tested by our Office of Innovation and Development with promising results. Through an agreement between GPO, the Office of the Federal Register, and a private contractor, the *Federal Register* has been broadcast to a number of receiving stations every night. Software was developed in our Graphic Systems Development Division to compare the data received over the FM antenna against the data that were broadcast. Although some errors were found in the received data, none were the result of the new FM broadcast technology.

CD-ROM mastering and replication is being accomplished through procurement, and we have leased a CD-Publisher PreMastering System which will be used in the production of CD-ROMs in-house. "Dial-up" composition is steadily growing with 40 customers, utilizing 136 workstations, taking advantage of this advanced technology at the close of the fiscal year.

Never in GPO's history has the spirit of change and technological growth been so palpable. While meeting the requirements of the present, we look forward with anticipation to our evolving role as a leader and innovator in the new and ever-changing technologies of the information industry.

Office of Inspector General

The role of the Office of Inspector General is to identify problems and weaknesses and prevent fraud, waste, and abuse. During fiscal year 1988, the Office of Audits (OA) issued 50 reports which assisted GPO managers in reducing costs, improving operations, and strengthening internal controls against fraud, waste, and abuse. Implementation of OA recommendations resulted in cost savings and management commitments to avoid costs or more effectively use resources. Savings of up to $15.2 million may result from questioned costs on contractor claims.

The Office of Investigations (OI) handled a total of 60 reported or referred matters. A total of 41 cases were opened and 28 closed. Of those cases opened, the OI conducted 34 criminal and 7 noncriminal investigations. The OI carried over 9 active investigations and closed 25 investigations from previous fiscal years. The OI presented three civil matters to United States Attorneys Offices resulting in court-assessed civil penalties totaling $85,000, monetary fines totaling $1,650, and restitutions totaling $406,730.

Office of Public Affairs

During fiscal year 1988, GPO's Office of Public Affairs carried out its day-to-day recurring functions, while handling numerous special projects.

Foremost among those was the preparation, conduct, and followup required for the hosting of the 1988 International Government Printers' Conference. The commitment made to this major project brought about a level of success surpassing even the highest of expectations. With support and assistance from other GPO organizations and external sources, the Public Affairs staff assumed overall responsibility for the conference and assured that the 52 international delegates, numerous spouses, and corporate, association, and Federal attendees were provided personalized service and attention throughout the event. Along with handling all preliminary and onsite technical and material needs for the conference, the staff followed up with thank you letters and communications to those individuals involved with its success. This event was the first of its kind in GPO's history and has enhanced the reputation of the Office on a worldwide scale.

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For the third year in a row, the Public Affairs Office coordinated the distribution of the Budget of the United States, provided for media opportunities, and handled arrangements for the GPO-hosted press conference. In addition, the Public Affairs staff was heavily involved in preparations and activities relating to Graph Expo '87, FOSE '88, the public celebration of "National Police Week," and the observance of "Constitution Week." Assistance in arranging for the Veterans Day program and in coordinating the Christmas Open House and Community Children's Day was also provided to the appropriate organizations. GPO's highly regarded Adopt-A-Family Program continued during the fiscal year under the coordination of this office, with eight families receiving assistance. Public Affairs support continued in the area of video coaching, with nearly all managers at the Department/Service level and above completing the program.

Another important accomplishment was the reinstatement of the notification to Members of Congress when a contract valued at more than $100,000 is issued to a firm in their particular district or State. During fiscal year 1988, more than 1,300 notification letters, with accompanying news releases suggested for publication, were processed.

Operations

The Assistant Public Printer (Operations and Procurement) is responsible for all pre-press, press, and binding operations at GPO's central office printing plant; the quality control and related technical assistance to all GPO production and procurement operations; and technical expertise and liaison to GPO's customers to meet their printing requirements in the most cost-effective manner. The primary responsibility of the Assistant Public Printer (Night Operations) is to supervise the printing and delivery of the *Congressional Record* and *Federal Register,* and to correlate this delivery with the production of congressional bills, committee prints, documents, hearings, and reports; while, at the same time, rendering all possible assistance to requests for help in advancing departmental work.

Production Department

GPO's central office printing plant primarily serves the short-turnaround printing requirements of the Congress. It is located four blocks north of the U.S. Capitol and employs over 2,000 production personnel to provide a full line of printing, binding, and related products and services to the Federal community. Last year, GPO's central office in-plant operations produced a net income of $7.6 million. Major congressional products include the *Congressional Record,* bills, resolutions, amendments, reports, and hearings.

The Electronic Systems Development Division (ESDD) provides electronic technical services to the Congress, the GPO Production Department, other areas of the GPO, and other Government agencies. The workload in ESDD is increasing with the continuing expansion of dial-up composition and installation of a new text editing system which will require a substantial amount of wiring, testing, and training. The delivery of the Videocomp Model 570 phototypesetter will require retraining of technicians and rearranging the Phototypesetting Room. During the fiscal year, ESDD completed the process of upgrading all existing 30mb disk drives to 80mb disk drives on Atex systems; completed the process of upgrading all existing magnetic tape units from 800bpi to 800/1600bpi on the Atex systems; and installed text editing systems consisting of all or part of the following components: IBM AT Personal Computer or PS/2 Model 60, QMS laser printer, Hayes modem, with necessary cabling and switches at various agencies and congressional committees.

During the fiscal year, the Graphic Systems Development Division (GSDD) continued to design, develop, and integrate automated graphic systems into operations for the production of the publications. Creation of new sections within the division was also accomplished during the year. The Composition Development Section endeavors to improve the composition software that is used in the Production Department, the Data Base Development Section is involved with the premastering of CD-ROMs, and the Systems/Communications Development Section maintains the operating systems and communications networks. In addition, the new Remote Applications Section will handle the number of new customers who are running composition over dial-up lines, fiber optic cable, or using PC-based composition software. There are now 40

customers using the GPO dial-up systems. Fifteen of these customers are using the fully automatic system on the PDP-11/44. Seven of the 15 are connected into GPO over the Ethernet link and the other 8 are using modems. All modems now on the automatic system have been upgraded to operate at 9600 baud. The remaining customers will be moved onto the automatic system as their training period concludes. In support of the pilot project using FM radio sidebands as an alternative method of distributing data, software was developed in GSDD to compare the data received over the FM antenna against the data that were broadcast. In addition, the division has leased a CD-Publisher Premastering System which will be used in the production of CD-ROMs.

The Electronic Photocomposition Division (EPD) is responsible for the operations necessary to produce camera-ready pages for use in preparation of plates for printing. These operations include copy markup, proofreading, data capture via keystroke and laser scanner, computerized composition operations, and typesetting. EPD continues to improve and enhance the abilities of its electronic printing system. The production of the *Congressional Record* and the *Federal Register* runs smoothly and has been enhanced with the addition of timesaving devices, production standards for employees, and programming changes. The largest *Congressional Record* ever was printed in fiscal year 1988 and totaled 712 pages. Introduction of custom software on PCs with bar code reading devices now provides fast, accurate production standard measurement reports for proofreaders in the Proof and Copy Markup Section. These systems upload to and download from the mainframe automatically daily. Use of these systems in the EPD proofroom allows supervisors to search their files for missing or "hot" material. An apprenticeship program has been established in the keyboard and proofreading areas to ensure an adequate workforce in order to meet the needs of Congress and our customer agencies.

Specific goals of the Press Division are to continue to control the problems of waste, overruns and underruns, shortages, stock control, plate remakes, spoilage, and alcohol utilization, in an effort to reduce costs resulting from these problems. Improvements of new equipment replacing that which is old and worn out or outdated by new technology continues in all sections of the division. The Negative Section constructed a new camera workstation for the 70-mm camera and film processor. The section also procured a new film dispenser capable of cutting roll film up to 42 inches in width. The Plate Section acquired a new 70-mm projection platemaker and a new step-and-repeat machine to replace an older model which had become mechanically unreliable. The Postal Card Section expanded to include a night shift to operate both the five-color press and the cut/pack system. With the two-shift operation, production increased in excess of 150 million cards, bringing the total production of cards produced in fiscal year 1988 to over 600 million. The last of the group 60 presses was removed from service. This marks the end of an era as these presses were manufactured in 1925 for printing postal cards. During the year the section produced seven commemorative postal cards and a complete set of regular cards for the April rate increase.

The Binding Division performs all finishing operations on work processed in the GPO. The division's modernization plan is still progressing as outdated machinery is being replaced with new equipment. Three new drilling machines were installed; contracts were awarded to Heidelberg Corporation for an automated hardcover book line and a 3-inch jumbo minibinder; and specifications for a 24-box adhesive binder with a side-stitch unit were completed. In addition, as of September 30, the bookbinder training program has produced 21 operators. Twenty-one additional trainees are presently enrolled in the program. U.S. passport production increased by approximately 2 million books this fiscal year. This dramatic increase was attributable to a change to a nonwoven cover material and the addition of a second shift to operate the automated line. In addition, a number of equipment modifications were developed by employees assigned to this operation adding to the increased production. Peak issuing season production averaged approximately 200,000 books per week.

Quality Control and Technical Department

The Quality Control and Technical Department develops, coordinates, and monitors quality systems for products produced and procured by GPO. These systems encompass specifications and standards, sampling and inspection, process controls, quality audits, mathematical studies and analyses, and management reports. The Department accepted new responsibilities this fiscal year to help the Office cope with increasingly more stringent environmental regulations and new technology being utilized both in the graphic arts industry and by our more technically sophisticated customer agencies.

Major Department accomplishments include the publication of GPO Contract Terms Quality Assurance Through Attributes Program for Microforms Publication 310.3, Technical Report No. 27, on sampling, and a number of new or revised quality procedures needed to refine the GPO quality assurance system. In addition, the Paper Division continued work on the expansion of the JCP Government Paper Specification Standards to cover a variety of new commercial grades from No. 1 premium paper to less expensive publication grades.

A new program was implemented to dispose of potentially hazardous wastes generated by the Office which included a cleaning and crushing operation for emptied drums that dramatically decreased disposal costs. The Department also supported a major and successful effort to bring our offset press operations into compliance with the volatile organic emission requirements imposed by the D.C. Department of Environmental Services.

During the past year Quality Control accomplished numerous projects including monitoring Office asbestos removal, testing GPO drinking fountains for possible high levels of lead, cooperative efforts with Naval investigators regarding fraudulent NATO gas coupons, working on U.S. passport and FBI fingerprint card specifications, and participation in interagency efforts to provide guidelines on the longevity of commercial paper. Congressional interest was apparent in our test of soy oil ink for printing the *Congressional Record* and the *Federal Register.*

Engineering Service

Engineering Service provided support to the agency in the traditional areas of building maintenance, building renovation, and equipment installation and servicing. A structural realignment of the Facilities and Engineering Divisions provided more efficient engineering services in support of the agency's production mission. Significant in this realignment was the development and refinement of the Service's data processing apparatus. In the Facilities Division, introduction of the maintenance job order (MJO) and service call computer system will allow customers to request Engineering's services, as well as provide information relative to services requested, by accessing this system via their on-line stations.

The Facilities Division processed 30,300 service calls and completed major projects of structural enhancements and equipment installations in the Binding and Press Divisions. The division also completed the GPO Self-Service Store, a major project in the Materials Management Service. The Engineering Division, which provides the Agency's structural design and production analysis needs, introduced the Computer Aided Drafting and Design (CADD) System. When completed, the system will eliminate manual drawing for various future projects. This fiscal year, the CADD System contributed immeasurably to the production of 10,000 prints of engineering drawings, the creation of 158 major new drawings, and 226 revised drawings. Other design projects either completed or in progress include the GPO Cafeteria renovation, a new audio-visual center in the Carl Hayden Room, replacement of the wastepaper bailing system, removal of asbestos, pollution control in the form of wastewater testing, and underground tank monitoring.

Customer Service Department

The Customer Service Department coordinates all aspects of the printing, binding, and distribution requirements of the Congress and Federal agencies. During the fiscal year, Department representatives maintained active membership on the major electronic publishing committees in the area to disseminate information concerning GPO's advances in technology and to keep abreast of the needs and desires of the publishing community. Customer demand continued to be our primary driving force, with efforts directed toward the achievement of customer satisfaction through timely response, accurate information, and maximum service.

As primary contact with our customer agencies, the Departmental Account Representative Division continued to expand and refine their customer outreach efforts. Division personnel were involved in over 700 meetings with representatives from the GPO, customer agencies, and commercial contractors. These meetings, including 268 agency visits, were concerned with all phases of planning and were a part of continuing efforts to offer more personalized service. The newly established Electronic Publishing Section made significant gains in staying abreast of current technology in such areas as CD-ROM, Standard Generalized Markup Language (SGML), and Computer Aided Acquisition and Logistics Support (CALS), in order to help GPO meet the technological challenges of the future.

The Congressional Printing Management Division (CPMD) coordinates the scheduling, printing, and distribution of congressional printing and binding, and performs as printing liaison specialists to the committees, offices, and officials of Congress. During fiscal year 1988, CPMD made significant gains in its efforts to automate congressional printing. In addition to receiving previously captured keystrokes on the approximately 250 to 300 pages of nominations which appear annually in the *Congressional Record,* coordinated efforts of congressional staff and GPO personnel resulted in an increase of customers using dial-up composition. At the end of fiscal year 1987 there were 8 congressional offices using dial-up composition; at the end of fiscal year 1988 there were 25 congressional dial-up customers, employing 42 systems. In conjunction with House Information Systems, receipt of files through the fiber optic cable from those congressional customers not yet using dial-up also increased.

The Production Planning Division continued their efforts to plan and schedule in-house work in a cost-effective and expeditious manner. With the cooperation and joint efforts of division personnel and PEPS staff programmers, the Production Estimating and Planning System (PEPS) was completed during the fiscal year. Under a new "negotiated price" policy, 249 jobs were produced by GPO, saving our customers approximately $1.7 million. In addition, a negotiated price was established to allow the GPO to produce negatives at a discounted rate for commercially procured printing in order to increase the work-hours in-house and provide our customer agencies with a competitive price. During fiscal year 1988, the division placed 88,811 such negatives, resulting in an additional 800 hours worked in GPO's Offset Negative Section. The Estimating and Jacket Preparation Section saw an overall increase in the number of formal and informal cost estimates, and an increase in jackets written of 11 percent. The Paper and Materials Control Section received requisitions from various ordering agencies for supplying requirements of blank paper, envelopes, inks, glues, cold padding compounds, and other miscellaneous supplies totaling 4,149.

The demand for design, illustration, consultation, photographic and video, and quality control services from the Typography and Design Division continued to increase dramatically throughout the fiscal year. There was a 42-percent increase in both the number of dummy pages pasted and layout sketches prepared each month, reflecting a growing demand for design services from our customer agencies due to staff reductions in their graphic design departments. New graphics computer workstations have facilitated the design process and will be enhanced as the industry's capabilities increase. In addition, Technical Review staff conducted 386 press sheet and bindery inspections at contractors' plants nationwide, as well as performing proof and press sheet inspections in GPO production areas. Typography and Design Division personnel assisted in the production of a number of prestigious publications. Among these were: *The Capitol Magazine—a Pictorial History of the Capitol and of the Congress; The History of the Senate; Bicentennial Calendar; The Journey Continues,* a documentary of the Space Shuttle; and, the many volumes of the *Iran-Contra Reports.*

Procurement

The Assistant Public Printer (Operations and Procurement) is responsible for the purchasing of the Government's printing and binding requirements from commercial contractors and for the acquisition and management of all materials, supplies, paper, and equipment used by the Office.

Printing Procurement Department

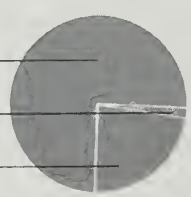
In fulfilling the information needs of the Federal establishment, GPO adheres to the Governmentwide policy of utilizing private sector contractors to the maximum possible extent to obtain products and services at the most competitive prices. Reflecting this policy, about 74 percent of GPO's total fiscal year 1988 printing and binding revenue came from work contracted to commercial printers.

In fiscal year 1988, the Printing Procurement Department (PPD) made substantial improvements in automation, training, and overall operations. Although the workload decreased by 33,709 jobs in fiscal year 1988, the dollar volume increased by $56.5 million. The increased dollar volume was due to the printing of publications such as the AIDS booklet purchased by the Atlanta Regional Printing Procurement Office (RPPO) for $3.4 million. This was the largest single-award contract ever issued by a GPO regional office. Automation continues to enhance PPD's ability to be more responsive to GPO's customer agencies. Twenty-three additional agencies were provided access to the Procurement Information and Control System (PICS) bringing the total number of agencies with access to 70. Many new reports, enhancements, and systems were implemented to further the Department's goal of procuring quality products in a timely manner.

A major contract, Program 50-S, was negotiated and awarded during the fiscal year. It is a $9.2 million, 3-year contract that will procure all of the Air Force's technical publications. This automated publishing contract will be the prototype of all the military publications contracts of the future. To further improve our response time to our major customers, a satellite printing procurement office was opened in Pittsburgh, Pennsylvania. The first GPO contract for CD-ROM was awarded and successfully completed.

Procured Printing vs. In-House Work

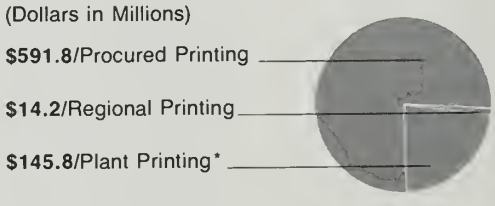
Fiscal Year 1988
(Dollars in Millions)



*Excludes blank paper and other operations.

Procured Printing vs. In-House Work

Fiscal Year 1987
(Dollars in Millions)



Materials Management Service

The Materials Management Service is responsible for the acquisition of materials, equipment, supplies, commercial services, leasing of commercial and Federal space, and transportation services; receiving, shipping, and maintaining current inventory records of paper, envelopes, materials, and supplies; initiating and accounting for the shipment of Government postcards; and providing authorized support to GPO operations and other Federal agencies.

During fiscal year 1988, eight major contracts procured equipment and repairs ranging from a saddle binder, to a mainframe computer upgrade, to a roof replacement. In addition, 23 various pieces of equipment were purchased for the regional printing offices throughout the country. Two leases were negotiated for new bookstores, and space was obtained for a satellite printing procurement office. The paper warehouse is particularly careful to maintain an inventory adequate to support the pressrooms. During the fiscal year, an average of 33,400,000 pounds of paper was in inventory each month.

In an effort to decrease labor costs, the GPO Self-Service Store opened in August. Through the use of bar-coded products, laser scanners, and the capabilities of the Materials Management Procurement and Control System (MMPCS), the facility quickly became a success. Two heavy-duty wastepaper baling machines complete with a dust collection/filtration system were installed in January replacing three smaller, outdated baling machines which had been in service since 1967. The Materials Management Procurement and Control System was expanded to the Denver RPPO allowing completely on-line processing, eliminating all manual records.

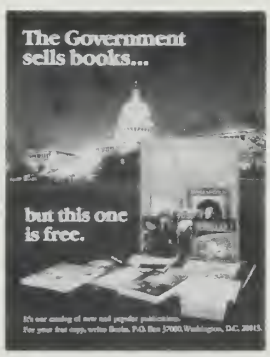
Superintendent of Documents

The Assistant Public Printer (Superintendent of Documents) is responsible for a broad range of Government information dissemination programs and services, including the sale of Government publications, the compilation of catalogs and indexes of Government publications, the distribution of publications to depository libraries and as otherwise required by law, as well as reimbursable publications fulfillment services.

Significant achievements in fiscal year 1988 included: Exhibits of GPO sales titles mounted at international book fairs in Frankfurt, Cairo, New Delhi, Manila, Buenos Aires, Mexico City, and Barcelona in cooperation with U.S. Information Agency's "Books Abroad" program; an exhibit of approximately 150 sales titles at the Sixth Riyadh International Book Fair in a cooperative project with the Department of Commerce Foreign Commercial Service; appointment of a Saudi bookdealer to distribute GPO sales titles; and continuing liaison with distributors in Canada, the United Kingdom, and Italy. In addition, a U.S.-based distributor agreed to provide global importing services for Government books in countries not served by previous distribution agreements.

Marketing

The Office of Marketing continued to develop and distribute promotional materials designed to increase public awareness of and access to Government information through the Publications Sales and Federal Depository Library Programs. A new series of print Public Service Announcements (PSAs) created a wave of public interest for the *U.S. Government Books* catalog of new and popular publications. PSA sets were distributed nationwide to major newspapers and magazines, journals, newsletters, college newspapers, and to Federal publishers Governmentwide. Since their distribution in June 1988, the new PSAs have appeared in almost 200 newspapers and magazines, generating approximately 12,000 requests for the catalog. As in past years, Marketing developed sales promotions in cooperation with publishing agencies.



During the fiscal year, Marketing produced 675,000 *U.S. Government Books* catalogs and 348,000 copies of *New Books,* a bimonthly listing of all new publications entering the sales program in a 2-month period. Marketing also produced more than 1 million direct-mail flyers promoting specific publications or groups of publications to specialized audiences. Expanded marketing efforts on behalf of the U.S. Government bookstore network included the development of flyer formats for use by individual bookstores conducting their own direct-mail programs, the creation and distribution of a flyer promoting the opening of a new bookstore in Portland, Oregon, direct-mail letters to specific audiences in bookstore cities, and extensive market research aimed at developing individual marketing plans for each bookstore.

Depository Library Program marketing highlights included the redistribution of broadcast Depository Library Public Service Announcements to almost 50 cable TV systems nationwide, the distribution of large quantities of promotional bookmarks, brochures, and Depository Library directories, and the development and distribution of "take-one" box-and-easel kits used for the dissemination of *U.S. Government Books* catalog request cards in depository libraries.

Library Programs Service

During fiscal year 1988, Library Programs Service distributed 14.5 million copies of more than 28,000 titles in both paper and microfiche. This represents a reduction from fiscal year 1987 volumes, primarily due to problems with microfiche contracts. All issues of the hard copy *Monthly Catalog* were completed and distributed ahead of schedule. GPO has taken several steps to enhance its position as a primary provider of bibliographic information in machine-readable format. A complete *Monthly Catalog* master file was presented to the Library of Congress Cataloging Distribution Service, which can now provide the most accurate data to its customers. This updated file is available for sale from the Superintendent of Documents, and this summer was released to OCLC, GPO's first MoCat tape subscriber.

The second edition of the *Government Printing Office Cataloging Guidelines* and a complete revision of the *Instructions to Depository Libraries* was developed and issued to all Federal Depository Libraries. Work was initiated on a revision of the *Guidelines for the Depository Library System* and the *Federal Depository Library Manual*. Late September saw the publication and distribution of *The United States Congressional Serial Set Catalog: Numerical Lists and Schedules of Volumes* for the 98th Congress.

The Information Technology Program moved beyond the initial planning phase during fiscal year 1988 when the first CD-ROM disk was distributed to selected depository libraries. September marked the debut of this format for the Depository Library Program, when disk, hard copy documentation, and a floppy disk containing retrieval software published by the Census Bureau (and procured through GPO) was distributed to 143 depository libraries. The remaining 1,251 depositories will receive the material early in fiscal year 1989.

Documents Sales Service

Fiscal year 1988 ended with a number of developments that should keep Documents' programs on a firm footing as we begin the new fiscal year. Several special projects continued to improve customer service and generate revenue, while the Reimbursable Mailings Program continued to grow. The transfer of several activities from Financial Management Service to the Order Division provided Documents with greater control over order processing and invoicing. Customers calling the order and information desk now receive improved service with the recently installed Voice Connect System. Callers automatically reach the system and using their pushbutton telephones, are guided through a listing of recently released publications, told about the service areas, and given the opportunity to place an order or speak directly to a clerk.

The bookstore program showed an increase in revenue for the fiscal year. Fiscal year 1988 also involved an opening of a new bookstore in Portland, Oregon, relocation of the Cleveland store, and the closing of the Commerce Department bookstore.

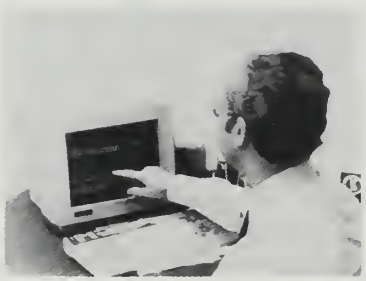
Automation projects showed progress during the year. Detailed Functional System Requirements for the Automated Sales Records System were completed. Further, data entry forms and a users guide were prepared for the Subscription Management System Interim. In addition, progress was made on development of the Subject Bibliography Production System. The IRS tax form fulfillment system was also improved for the upcoming tax year.

Administration and Resources Management

The Assistant Public Printer (Administration and Resources Management) is responsible for the information, financial, and human resource management; security; administrative support; and equal employment opportunity programs of the GPO.

Financial Management Service

Financial Management Service (FMS) is responsible for developing systems and procedures and for providing comprehensive accounting, collecting, disbursing, and billing services in support of GPO's operations. This year, FMS focused its efforts on improving service to GPO's customers, contractors, and employees, and on delivering timely and accurate financial information to GPO managers. Through the utilization of new office automation technology and new management approaches to the workflow process, FMS achieved a 3-percent decrease in its total operating costs from last year. In addition, emphasis on an improved cash management program resulted in approximately $9 million taken in cash discounts offered by contractors and suppliers and a 10-percent increase in GPO's cash posture.



Financial Management Service has been actively involved in the automation of many of its functions. For example, the Millennium upgrade to the off-the-shelf general ledger software package was implemented. This upgrade eliminates the use of punched cards, allows the on-line design of reports, and provides an on-line query capability. The GPO Cost Center Data Base, which is the first data base designed specifically for use by all GPO organizations, was installed on the mainframe. In addition, the FMS Network, a local area network for on-line access to current financial data, was expanded to include top GPO management officials.

Financial Management Service converted the processing of U.S. Savings Bonds for 1,600 GPO employees to a personal computer-based system in April 1988. This change, which was necessitated by the Department of the Treasury's redesigned bond format and directive to issue paper bonds, is faster and more cost-effective than the manual system it replaced. An electronic funds transfer payment option for GPO's commercial printing contractors located throughout the United States was initiated in August; about 1,700 contractors have elected to participate thus far. This is the first step in the projected conversion of payment systems to electronic means, which will eventually include the option of direct deposit of employee paychecks and savings allotments. FMS is also investigating acquisition of an optical disk system that would virtually eliminate paper from the invoice processing system.

Information Resources Management

The Office of Information Resources Management (OIRM) provides Officewide information automation services. This year, OIRM implemented several new information systems and many major enhancements to existing systems to better serve the GPO, other Federal agencies, and the public. For example, the development of a structured, nonredundant corporate data base was greatly enhanced by the conversion of many conventional computer files to operate within GPO's Data Base Management System (ADABAS), the introduction of Computer Aided Software Engineering (CASE) tools, and the installation of SUPERNATURAL, a user query language.

The *Congressional Record* electronic access and retrieval system was installed in October 1987 and has operated in a pilot test mode. The contractor's proposal for system enhancements based on a modified user requirements report by the Senate Computer Center is under review. In addition, the Computer Data Center underwent major changes. The purchase of a new computer mainframe was finalized, and a new mainframe operating system was installed which provides additional parameters for the installation of new systems and removes operating restrictions from on-line systems.

The newly developed Government Bill of Lading System expedites the billing and control of bill of lading preparation, and the establishment of the GPO Self-Service Store on-line system permits users to obtain office supplies by utilizing bar code technology. Enhancements were also made to the IRS Order Fulfillment System; originally planned as a minor system, this has evolved as an all-inclusive system supporting data entry, order fulfillment, inquiry, on-line and batch reporting, billing, and credit card charging. For tax year 1987, the system handled approximately 42,000 orders providing over $2.2 million in revenue.

Security and Support Services

Security and Support Services is responsible for GPO's law enforcement, physical and information security, and administrative support functions. During fiscal year 1988, GPO's Information Security Program was enhanced with the revision of guidelines concerning the handling of national security information within GPO. The Uniformed Police Branch received new communications equipment allowing it to maintain better radio contact with its police units, the Emergency Command Center, and various emergency response teams. Physical security within GPO has also been enhanced with the installation of a new closed-circuit television system and the acquisition of a new automated alarm system.

Security has also been active in developing and implementing antiterrorist procedures and facilities. It is presently working with the Capitol Police to devise new security measures to protect the Capitol from the introduction of contraband through materials GPO delivers to the Capitol. Responsibility for computer security and compliance with the Computer Security Act of 1987 was undertaken by the newly established Telecommunications and Automated Information Systems Security Group.

Support Services continued to automate and update Officewide functions and programs to better serve GPO's information and support needs. In an effort aimed at total accountability of postage expenses, which were in excess of $12 million in the last year, postage meter systems have been installed in GPO's regional offices and bookstores. All administrative mail leaving the central office is also metered. The Technical Services Group will be responsible for receipt of contractors' mailing statements from the Postal Service and verification of billing and postage on future Printing Procurement contracts.

Human Resources

GPO's Office of Human Resources is responsible for programs and services which impact all areas of human resources management including policy development and all personnel, labor-management relations, and employee safety and health matters at GPO. Human Resources developed a number of innovative programs and initiatives to improve employee morale and meet workforce needs, as well as to improve support to management.

The introduction of state-of-the-art training resources highlighted the activities of Personnel Service. An interactive videodisc training station for individualized tutorial training was installed; the first application will be in the Executive Management Development Program. An automated classification system was developed, and plans for creating a training guide/manual are underway. A new Personal Computer Center was established; it has been used to train more than 300 employees, saving over $40,000 in tuition thus far. Personnel also conducted an on-campus recruitment program for college graduates, and the apprentice program was revitalized.

The Labor and Employee Relations Service negotiated a Master Agreement with 13 central office unions covering about 4,000 employees as well as a 3-year wage agreement with 11 unions covering 2,600 employees. A central office smoking policy paralleling the GSA guidelines was also negotiated. Effective June 1988, the Joint Committee on Printing determined that GPO must negotiate wages for employees in the American Federation of Government Employees' bargaining unit, which precluded adopting the August wage increase for clerical employees. The Employee Relations Branch administered GPO's highly successful Combined Federal Campaign; a total of $206,000 was collected, $41,000 over GPO's goal.

Occupational Health and Environmental Services and the Policy and Evaluation Staff teamed up to address two of the most pressing social issues in today's workplace. At the direction of the Public Printer, they developed a policy and program directive on a drug-free workplace, including guidelines on reasonable suspicion testing, testing of job applicants, counseling, and disciplinary options. They have also established a GPO Task Force on AIDS, and developed an informational manual on the disease. This booklet, which will be distributed to all GPO employees, will include information concerning the disease and its effects, both emotional and physiological; health benefits; treatment centers and psychological support groups; and privacy considerations.

The Occupational Health Division held GPO's first annual Health Fair, providing GPO employees with such benefits as blood testing and computer-generated "Health Risk Assessments." As part of an all-out assault on smoking in the workplace, a formal "Freedom from Smoking" clinic was conducted. In addition, the position of Industrial Hygienist was established to monitor the workplace environment.

Equal Employment Opportunity Service

The Equal Employment Opportunity Service (EEO) assists GPO management in adhering to Government laws, regulations, and policies concerning equal employment opportunity for all employees and applicants for employment. The Service administers the discrimination complaint system, provides counseling services, and evaluates EEO plans and programs throughout GPO.

The Service prepared and submitted GPO's Multiyear Affirmative Employment Program Plan for fiscal years 1988-1992 to the Equal Employment Opportunity Commission. EEO also completed the first segment of a cyclical evaluation of all GPO installations, including the central office, regional offices, and bookstores. The evaluation is designed to determine strengths and weaknesses in all areas of the total EEO program; specific recommendations were made to the Public Printer as a result of this effort.

The Handicapped/Disabled Veterans Program was added to the Division of Affirmative Programs. Its mission includes establishing programs which address the concerns of employees and applicants with physical and mental handicaps, including the hearing impaired and disabled veterans.

Thanks to its activities in career programs and community-related efforts with its adopted schools, GPO was cited for the second consecutive year as an Outstanding Partner among Federal agencies as part of the Partners in Education Program. More than 80 students worked at GPO in the D.C. Government's Summer Youth Employment Program and 9 students from GPO-adopted schools participated in the In-School Program.

Financial Policy and Planning

The Assistant Public Printer (Financial Policy and Planning) serves as the chief financial officer of the Government Printing Office and represents the GPO on all financial matters before the House and Senate Appropriations Committees, the Joint Committee on Printing, the Office of Management and Budget, and other external agencies/departments. The Assistant Public Printer also serves as Chairman of the GPO Management Resources Committee (MRC). The Office of Financial Policy and Planning (FPP) is GPO's strategic planning center with responsibility for coordinating the establishment of all GPO financial policy, planning, and analysis, including the preparation of GPO's budget and capital investment priorities and the development of annual and outyear revenue and spending targets.

This year, FPP prepared and coordinated the presentation of GPO's fiscal year 1989 appropriations request before the Legislative Branch Appropriations subcommittees of the Senate and House of Representatives. The request was for $104.5 million, including $77.7 million for the Congressional Printing and Binding Appropriation and $26.8 million for the Superintendent of Documents' Salaries and Expenses Appropriation. In addition, the appropriations package contained a variety of administrative proposals to provide GPO with additional authorities and otherwise clarify the intent of Title 44. Final congressional action on the request resulted in total appropriations of $85.7 million ($72 million for Congressional Printing and Binding and $13.7 million for Salaries and Expenses). In addition, $11.4 million in net income generated by the Superintendent of Documents' Sales of Publications Program in fiscal year 1987 was made available to offset the requirements of the Salaries and Expenses Appropriation. Most of the administrative proposals in the appropriations package were approved, with the exception of GPO's request for flextime authority and for elimination of the statutory ceiling on Full-Time Equivalent (FTE) employees.

The office is responsible for overseeing the execution of budget and spending priorities in accordance with congressional policy. A key policy governing GPO expenditures is the congressionally imposed limitation on employment of FTEs. For fiscal year 1988, the FTE ceiling was 5,237; the ceiling approved for fiscal year 1989 is 5,117. The office is responsible for proposing allocations of FTEs throughout GPO to the Public Printer and for monitoring their use.

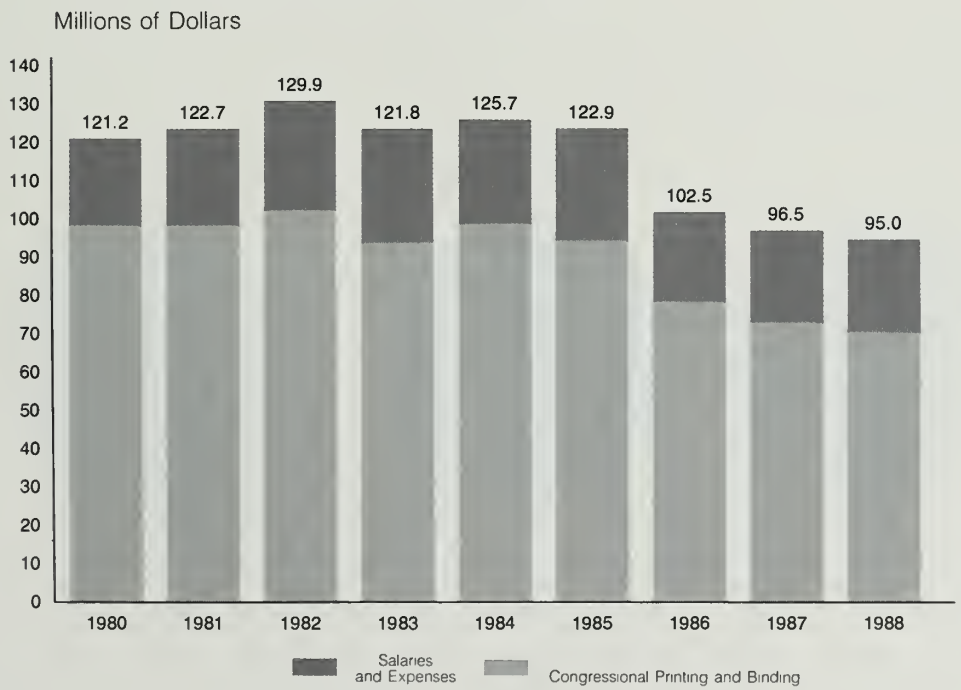
The office provides essential staff support to the MRC by performing cost/benefit analyses on spending proposals requiring MRC approval. During the year, the staff performed cost/benefit analyses on 35 such projects, valued at $4.6 million. Twenty-four of these projects were approved, valued at $2.9 million, including the relocation of the Chicago RP&PO and the Atlanta bookstore. In addition to the fiscal year 1988 proposals submitted to the MRC, the fiscal year 1989 proposals for MRC approval were prepared and presented by office staff. Almost $11.8 million in new spending projects was approved by the MRC for the coming fiscal year, while approximately $5.8 million in new spending proposals was disapproved or deferred pending additional information or action.

The formulation of financial policy outside of the budget process is also a responsibility of the Financial Policy and Planning area. For example, in response to the announcement of a moratorium on expenditures by Department of Defense agencies for the last half of the third quarter of fiscal year 1988, the office developed spending reduction guidelines to help offset anticipated decreases in revenue at GPO. These proposals were formally issued by the Public Printer and called for reductions in nonessential overtime as well as deferrals of travel, training, outside hires, and purchases of nonessential supplies and equipment.

Office staff are available to other GPO areas requiring financial policy and planning expertise. The office provided support to the management team participating in the 1988 wage negotiations by developing specific cost projections for the implementation of various wage and benefit proposals. Similar support was provided for management's analysis of the impact of granting bargaining status to the American Federation of Government Employees. In addition, support was provided for GPO's review of the Office of Technology Assessment's draft report, "Informing the Nation: The Future of Federal Electronic Printing, Publishing, and Dissemination."

Quarterly financial briefings covering GPO's operations were presented to GPO's management during the year, and in April, staff of the JCP were invited to attend the Public Printer's Quarterly Financial Briefing for the first time.

GPO Appropriations and Transfers



Financial Highlights

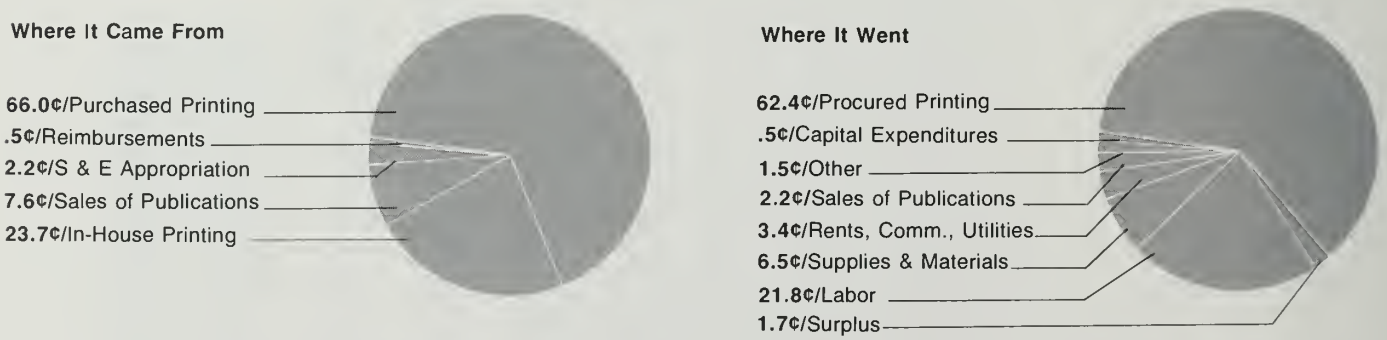
Title 44 of the U.S. Code requires the U.S. Government Printing Office to fulfill the printing and binding needs of the Federal Government, and to distribute Government publications to the public. GPO's printing and binding activities are accomplished through a network of operations consisting of a Central Office in Washington DC, six regional printing plants, 14 regional procurement offices, and six satellite procurement offices. Superintendent of Documents' operations include the sale of publications, distribution to depository and international exchange libraries, reimbursable and statutory distribution, and the cataloging and indexing of Government documents.

All GPO activities are financed through a revolving fund that is reimbursed by payments from customer agencies, sales to the public, and transfers from various appropriations. These appropriations are used to reimburse GPO for costs incurred in performing printing and binding for Congress and for the printing, binding, and distribution of Government publications that are, by statute, distributed without charge to the recipient. Reimbursements from the appropriations are included in GPO's total printing and binding revenue.

Results of GPO Operations

GPO achieved a consolidated net income for fiscal year 1988 of $15.7 million, compared to $22.9 million in fiscal year 1987. Total revenue increased to $940.9 million in 1988 from $870.6 million in 1987, while total expenses increased to $925.2 million in 1988 from $847.8 million in 1987.

GPO's 1988 Revenue Dollar



Printing and Binding Operations

In fiscal year 1988 GPO's in-house and commercially-procured activities generated revenue of $875.3 million, accounting for 90 percent of GPO's total revenue before eliminations. Revenue from commercially-procured printing was $648.3 million or 74 percent of the total printing and binding revenue.

In-House Printing Operations

GPO's in-house printing operations earned $7.6 million in net income this year compared to net income of $6.7 million in 1987. Total revenues were $227.0 million compared to $212.7 million last year, while expenses were $219.4 million compared to $206.0 million in 1987.

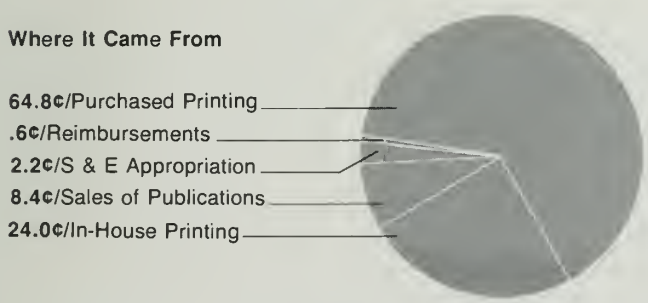
Central and Regional Printing Procurement Operations

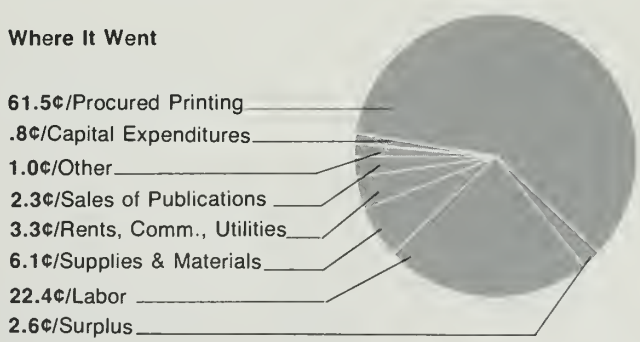
GPO's printing procurement operations generated revenue of $648.3 million compared to last year's $591.8 million. Net income was $4.3 million, down from the prior year's net income of $4.8 million. Central printing procurement's revenue increased to $394.5 million from $354.4 million in 1987. Regional printing procurement's revenue grew to $253.8 million in 1988 from $237.4 million in 1987.

Sales of Publications Operations

GPO's Sales of Publications Operations generated net income of $3.8 million on sales of $71.1 million, compared to net income of $11.4 million on sales of $73.4 million in 1987. Bookstore revenue increased 6 percent to $13.0 million in 1988 from $12.3 million in 1987.

GPO's 1987 Revenue Dollar





Consolidated Balance Sheet

As of September 30, 1988, and 1987 (Notes 1 and 2) (in thousands of dollars)

Assets	1988	1987
Current Assets:		
Cash:		
On-hand and in-transit	$1,150	$1,860
Revolving Fund	114,909	94,564
Appropriations	32,796	46,271
Accounts receivable (Note 3)	218,147	236,186
Inventories:		
Publications for sale, net (Note 4)	12,185	12,214
Paper	15,410	12,415
Materials and supplies	8,769	8,430
Total Current Assets	**$403,364**	**$411,940**
Property, Plant, and Equipment (Note 5):		
Land and buildings	18,648	18,648
Equipment and building improvements	111,887	107,761
	130,535	126,409
Less: accumulated depreciation	76,586	70,348
Net Property, Plant, and Equipment	53,949	56,061
Total Assets	**$457,313**	**$468,001**

The accompanying notes are an integral part of these financial statements.

Liabilities and Investment	1988	1987
Current Liabilities:		
Accounts payable (Note 6)	$82,463	$87,697
Advances from customers (Note 7)	35,633	35,115
Accrued salaries, wages, benefits and other withholdings	4,155	10,038
State and local payroll taxes	1,232	821
Total Current Liabilities	**$123,483**	**$133,671**
Other Liabilities:		
Accrued annual leave	10,064	9,004
Excess receipts from sales of publications, due U.S. Treasury (Note 8)	3,799	11,424
Total Other Liabilities	**$13,863**	**$20,428**
Total Liabilities	**$137,346**	**$154,099**
Investment of U.S. Government:		
Appropriations:		
Unliquidated obligations	33,996	45,525
Revolving Fund:		
Contributed capital (Note 9)	110,136	110,413
Retained earnings	164,411	152,464
Reserved for intra-office funding (Note 8)	11,424	5,500
Total Revolving Fund	**$285,971**	**$268,377**
Total Investment	**$319,967**	**$313,902**
Total Liabilities and Investment	**$457,313**	**$468,001**

Consolidated Statement of Revenue and Expenses by Function and Retained Earnings

Fiscal Years 1988 and 1987 (Notes 1 and 2) (in thousands of dollars)

	Printing and Binding		
	In-House Printing	Purchased Printing	Total
Revenue:			
Printing and Binding	$227,030	$648,296	$875,326
Sales of Publications	–	–	–
Appropriations	–	–	–
Reimbursements	–	–	–
Total Revenue	**$227,030**	**$648,296**	**$875,326**
Expenses:			
Personnel compensation and benefits	$142,155	$29,961	$172,116
Travel and transportation	571	1,752	2,323
Rents, communications and utilities	10,780	2,961	13,741
Printing and reproduction	–	607,072	607,072
Other services	2,498	281	2,779
Supplies and materials	57,902	1,237	59,139
Depreciation	5,484	725	6,209
Publications sold	–	–	–
Unsaleable publications	–	–	–
Total Expenses	**$219,390**	**$643,989**	**$863,379**
Net Income	**$7,640**	**$4,307**	**$11,947**
Retained Earnings, Beginning of Fiscal Year			
Retained earnings before payable to U.S. Treasury			
Less: Excess receipts from current sales of publications, due U.S. Treasury			
Retained Earnings, End of Fiscal Year			

The accompanying notes are an integral part of these financial statements.

Information Dissemination			Eliminations	Total GPO	
Sales of Publications	Salaries and Expenses	Total		1988	1987
–	–	–	($31,528)	$843,798	$772,697
$71,111	–	71,111	–	71,111	73,448
–	$21,518	21,518	(426)	21,092	19,570
–	4,895	4,895	–	4,895	4,931
$71,111	**$26,413**	**$97,524**	**($31,954)**	**$940,896**	**$870,646**
$26,885	$9,735	$36,620	($2,883)	$205,853	$195,278
984	340	1,324	–	3,647	3,306
14,057	4,777	18,834	(563)	32,012	28,485
1,376	10,024	11,400	(27,784)	590,688	535,314
638	651	1,289	(537)	3,531	5,901
1,899	640	2,539	(187)	61,491	53,312
191	246	437	–	6,646	6,096
16,384	–	16,384	–	16,384	17,343
4,898	–	4,898	–	4,898	2,751
$67,312	**$26,413**	**$93,725**	**($31,954)**	**$925,150**	**$847,786**
$3,799		**$3,799**		**$15,746**	**$22,860**
				$152,464	**$141,012**
				$168,210	$163,872
				3,799	11,408
				$164,411	**$152,464**

Consolidated Statement of Changes in Financial Position

Fiscal Years Ended September 30, 1988, and 1987 (Notes 1 and 2) (in thousands of dollars)

	1988	1987
Funds Provided:		
Net Income	$15,746	$22,860
Add expenses not requiring working capital:		
Depreciation	6,646	6,096
Total Funds Provided by Operations	22,392	28,956
Book value of retired assets	209	46
Appropriations	89,521	95,085
Reimbursements	4,895	4,931
Increase in accrued annual leave	1,060	345
Total Funds Provided	**$118,077**	**$129,363**
Funds Applied:		
Purchase of fixed assets	5,019	7,030
Funds returned to U.S. Treasury from appropriations	5,155	8,758
Expended Appropriations (Note 10)	106,290	95,995
Total Funds Applied	**$116,464**	**$111,783**
Increase in Working Capital	**$1,613**	**$17,580**
Changes in Working Capital		
Current Assets:		
Cash:		
On-hand and in-transit	($710)	$490
Revolving Fund	20,345	(5,772)
Appropriations	(13,475)	(3,268)
Accounts receivable	(18,039)	33,593
Publications for sale	(29)	550
Paper	2,995	(175)
Materials and supplies	339	116
Current Liabilities:		
Accounts payable	5,234	(7,613)
Advances from customers	(518)	377
Accrued salaries, wages, benefits and other withholdings	5,883	(668)
State and local payroll taxes	(411)	(50)
Increase (Decrease) in Working Capital	**$1,613**	**$17,580**

The accompanying notes are an integral part of these financial statements.

Status of Appropriated Funds

Fiscal Years Ended September 30, 1988, and 1987 (Notes 1 and 2)
(in thousands of dollars)

	Congressional Printing and Binding	Printing and Binding	Salaries and Expenses	Total Appropriated Funds	
				1988	1987
Status of Appropriations, Beginning of Fiscal Year	**$26,301**	**$4,366**	**$15,604**	**$46,271**	**$49,539**
Funds Provided:					
Appropriations	70,359	–	19,162	89,521	95,085
Intra-Office Funding	–	–	5,500	5,500	1,378
Reimbursements	–	–	4,895	4,895	4,931
Total Funds Available	**$96,660**	**$4,366**	**$45,161**	**$146,187**	**$150,933**
Funds Applied:					
Obligated appropriations:					
Current Fiscal Year	62,522	–	21,507	84,029	71,065
Prior Fiscal Years	18,043	935	5,229	24,207	24,839
Funds returned to U.S. Treasury	4,787	368	–	5,155	8,758
Total Funds Applied	**$85,352**	**$1,303**	**$26,736**	**$113,391**	**$104,662**
Status of Appropriations, End of Fiscal Year	**$11,308**	**$3,063**	**$18,425**	**$32,796**	**$46,271**

The accompanying notes are an integral part of these financial statements.

Notes to Financial Statements

As of September 30, 1988, and September 30, 1987

(1) Organization

The Government Printing Office provides printing, binding, and distribution services to the Congress and Federal agencies and distributes publications to the public. Title 44 of the U.S. Code established the Government Printing Office Revolving Fund to finance these operations. The Revolving Fund is reimbursed by payments from agencies, receipts from sales of publications, and by transfers from the Congressional Printing and Binding and Printing and Binding Appropriations.

Beginning in fiscal year 1988, the Printing and Binding and the Congressional Printing and Binding Appropriations were combined into one appropriation. This appropriation is for printing and binding performed directly for Congress and for printing and binding of publications authorized by law to be distributed without charge to recipients.

The Salaries and Expenses Appropriation is appropriated for necessary expenses incurred by the Superintendent of Documents' operations for depository library, international exchange, and other by-law distribution of publications, and for the cataloging and indexing of Government publications. Customer agencies are billed for services performed on a reimbursable basis.

(2) Summary of Significant Accounting Policies

Principles of Consolidation—The consolidated financial statements include all funds of the Government Printing Office. Inter-fund and inter-operational transactions and balances have been eliminated.

Basis of Accounting—Assets, liabilities, revenue, and expenses are recognized on the accrual basis of accounting following generally accepted accounting principles and the associated principles of fund accounting.

Expense Allocations—General and administrative expenses have been distributed among the various expense categories. To the extent practicable, general and administrative expenses were allocated to the various programs based on the estimated level of effort associated with each program.

Revenue Recognition—Printing and binding revenue is recognized on the basis of work performed by the Government Printing Office due to the fact that all printing and binding work is required by law to be reimbursed on the basis of services rendered. Revenue on work procured from commercial printers is recognized based on the constructive-receipt concept. Revenue for distributing and selling publications to the public is recognized when publications have been shipped, or when services have been performed.

Inventories—Publications for sale are valued using the first-in, first-out cost method. During the year, the valuation method for publications for sale was changed from weighted-average cost method to first-in, first-out cost method. The effect of this change on the valuation of yearend inventory is immaterial. The allowance for unsaleable publications is established to estimate the value of potentially obsolete publications held in inventory at fiscal year end. Paper, materials and supplies are valued using the moving-average cost method.

Property, Plant and Equipment—Property, plant, and equipment are carried at cost. Expenditures which substantially increase the useful life of the assets are capitalized. Maintenance and repairs are expensed as incurred. Depreciation is computed using the straight-line method with estimated useful lives ranging from 42 to 50 years for buildings and from 3 to 30 years for machinery and equipment and building improvements. Depreciation expense for machinery and equipment and building improvements is recovered from billings to customer agencies. Buildings and structures have been paid from Legislative appropriations. Accordingly, depreciation is recorded but not reimbursed on these items.

Intra-Office Funding—The Salaries and Expenses Appropriation was funded in part by excess receipts derived from sales of publications. Pursuant to Public Law 100-202 this type of funding provided $5,500,000 to the Appropriation in fiscal year 1988. For fiscal year 1989, Public Law 100-458 will provide the Salaries and Expenses Appropriation $11,424,000 from the sale of publications.

Pensions—Government Printing Office employees are covered by the Civil Service Retirement and Disability Fund, the Federal Old-Age, Survivor, and Disability Insurance Fund and/or the Federal Employee Retirement Fund. Consequently, the GPO is responsible for withholding the required percentage from each employee's salary and for contributing to the funds. The agency's contributions were $12,645,000 and $11,616,000 in 1988 and 1987, respectively.

Contingencies—GPO is involved in three major lawsuits pending in United States Claims Court at September 30, 1988. However, ultimate payment arising from the settlement of such actions usually is disbursed from the judgment fund administered by the General Accounting Office. Therefore, no estimated liability has been recorded.

(3) Accounts Receivable

Accounts receivable were comprised of the following:

	September 30	
	1988	1987
U.S. Government agencies	$35,285,000	$52,256,000
Unbilled completed work	121,588,000	132,404,000
Unbilled work in process	59,324,000	50,166,000
Other	1,950,000	1,360,000
Totals	**$218,147,000**	**$236,186,000**

(4) Inventory—Publications for Sale, Net

Publications for sale, net were comprised of the following:

	September 30	
	1988	1987
Publications for sale	$15,585,000	$15,614,000
Allowance for unsaleable publications	(3,400,000)	(3,400,000)
Publications for sale, net	**$12,185,000**	**$12,214,000**

(5) Property, Plant, and Equipment

Property, plant, and equipment consist of the following:

			September 30	
			1988	1987
	Acquisition Value	Accumulated Depreciation	Net Book Value	Net Book Value
Land	$9,992,000	–	$9,992,000	$9,992,000
Buildings	8,656,000	$8,655,000	1,000	184,000
Building improvements	34,524,000	16,274,000	18,250,000	16,346,000
Leasehold improvements	824,000	153,000	671,000	610,000
Plant machinery and equipment	67,793,000	45,091,000	22,702,000	24,876,000
Office machinery and equipment	7,105,000	5,273,000	1,832,000	2,129,000
Computer software	309,000	299,000	10,000	48,000
Furniture and fixtures	239,000	181,000	58,000	69,000
Motor vehicles	769,000	660,000	109,000	73,000
Capital improvements in progress	324,000	–	324,000	1,734,000
Totals	**$130,535,000**	**$76,586,000**	**$53,949,000**	**$56,061,000**

(6) Accounts Payable

Accounts payable were composed of the following:

Category	September 30 1988	1987
Commercial printing	$71,090,000	$75,007,000
U.S. Government agencies	6,538,000	7,312,000
Other	4,835,000	5,378,000
Totals	**$82,463,000**	**$87,697,000**

(7) Advances from Customers

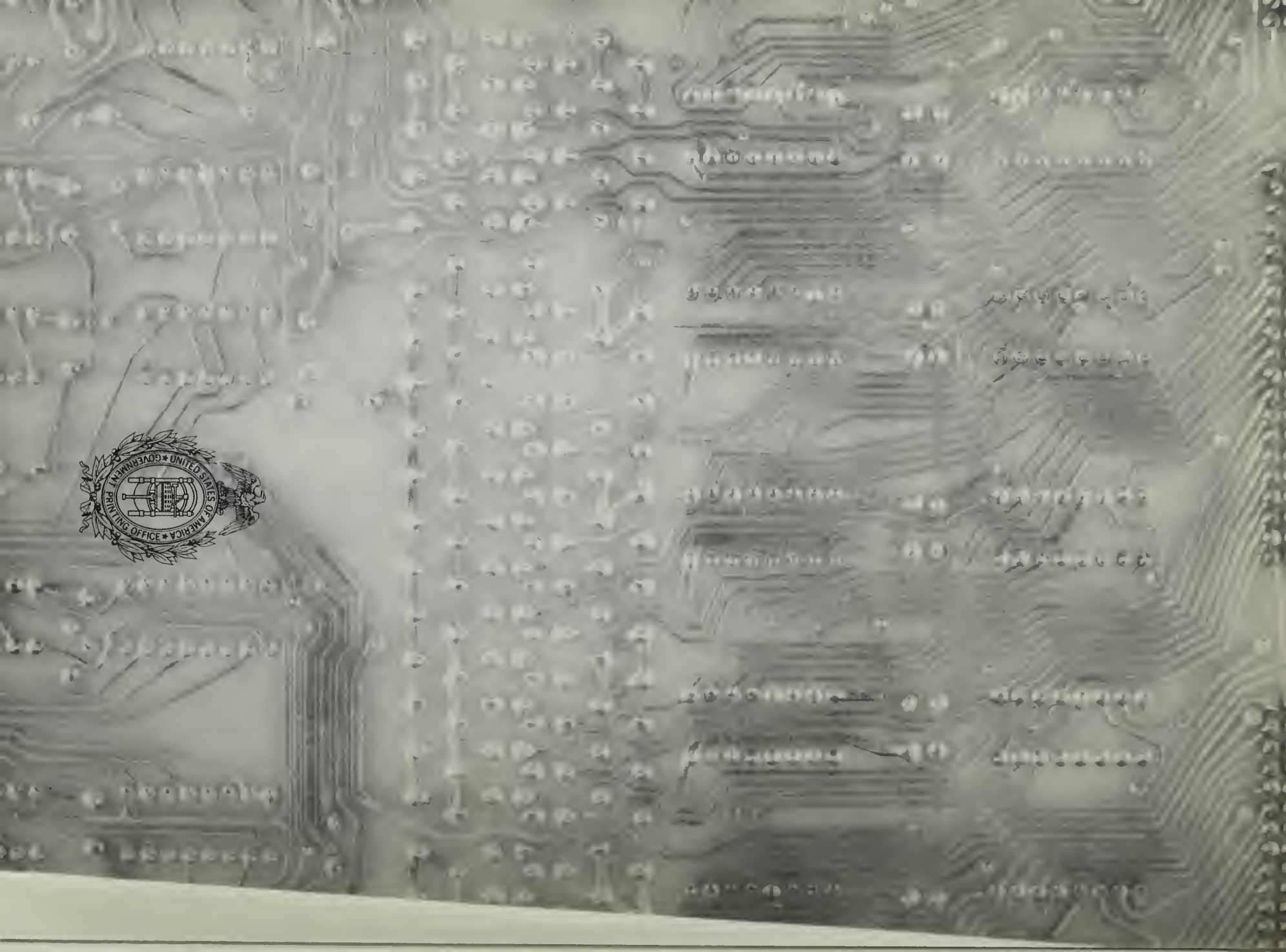
Advances from customers were comprised of the following:

Category	September 30 1988	1987
Advanced billings to customer agencies	$6,127,000	$5,501,000
Customer deposits for publication orders	8,314,000	8,148,000
Deferred subscription revenue	18,535,000	19,263,000
Undelivered publication orders	2,657,000	2,203,000
Totals	**$35,633,000**	**$35,115,000**

(8) Amount Due U.S. Treasury

Title 44 requires the Government Printing Office to deposit in the United States Treasury excess receipts from sales of publications. The amount due the U.S. Treasury as of September 30, 1988, was determined as follows:

Amount due U.S. Treasury, September 30, 1987	$11,424,000
Amount to be used to finance Fiscal Year 1989 Salaries and Expenses Appropriation as per Public Law 100-458	(11,424,000)
Fiscal Year 1988 Excess Receipts	3,799,000
Amount Due U.S. Treasury, September 30, 1988	**$3,799,000**


GOVERNMENT PRINTING OFFICE
UNITED STATES OF AMERICA